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East Asia

FBIS-EAS-90-061
Thursday
29 March 1990

Daily Report
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Japan

Vice Minister To Visit U.S. for Trade Talks

OW2703130590 Tokyo KYODO in English 1228 GMT 27 Mar 90

[Text] Tokyo, March 27 KYODO—The Posts and Telecommunications Ministry said Tuesday Vice Minister Minoru Shioya will visit Washington from Wednesday to discuss the bilateral trade friction over Japan's telecommunications market.

During a five-day stay in Washington, Shioya will meet officials of the U.S. Trade Representative (USTR) and the Commerce Department. The schedule has yet to be detailed. The hastily arranged trip is apparently aimed at breaking the deadlock in working-level talks about Japan's telecommunications market, which began in Washington Monday.

The U.S. calls on Japan to allow wider foreign access to Japan's Digital Service Unit (DSU) market, which is now practically dominated by Nippon Telegraph and Telephone Corp. (NTT). If the talks fail, there is a possibility that the U.S. administration will add telecommunications to a list of three trade areas—supercomputer, wood products, and satellites under the so- called "Super 301" provision of the 1988 Trade Act. The provision requires Japan to open up the three markets satisfactorily by June 16 or face possible punitive tariffs of up to 100 percent on some of its exports to the U.S.

Kaifu, Ministers Discuss SII-Related Issues

OW2903080390 Tokyo NHK General Television Network in Japanese 1000 GMT 28 Mar 90

[Text] With the government and the ruling Liberal Democratic Party [LDP] scheduled to complete preparations on an interim report regarding the Japanese-U.S. Structural Impediments Initiative [SII] talks next week, Prime Minister Kaifu held a series of meetings today with Finance Minister Hashimoto and International Trade and Industry Minister Muto. These meetings were a continuation of the work by the government and the LDP to adjust views on the Large-Type Retail Store Law and the issue of an expansion of public works, which have been focal issues at the SII talks. At the meeting between Prime Minister Kaifu and Finance Minister Hashimoto, both exchanged views centering around the issue of investments in public works. The U.S. side is asking the Japanese Government to increase its investments in public works to a level approximating 10 percent of the gross national product [GNP]. In this regard, the Finance Ministry is stressing that it is difficult to indicate sharp increases in investment in the form of GNP ratio. Thus, at their meeting, the prime and finance ministers exchanged in-depth views on how to indicate in the interim report plans to increase investments in such quality-of-life projects as sewer systems and housing.

At the prime minister's meeting with the minister of international trade and industry, views were exchanged on revising the Large-Type Retail Store Law. Regarding this issue, Minister Muto said that the ministry hopes to deal with this issue by enforcing the law more efficiently so as to shorten the period between the application and the approval for opening large-type retail stores to less than two years. In connection with this issue, the U.S. side reportedly is asking the Japanese side to shorten this period to six months for the time being and to ultimately repeal the law. Thus, at today's meeting, both discussed revisions to the application-approval period and how far the government will go in its review of the law, including the possibility of abolishing it within two to three years.

The issue of large retail stores surfaced at today's meeting of the Commerce and Industry Affairs Department [CIAD] of the LDP. Many participants at the meeting voiced their absolute opposition to the abolishment of the law, claiming that small- and medium-sized retailers will be dealt a serious blow if the law is repealed. Meanwhile, some participants at the meeting did express the view that the law should be revised because it stipulates procedures that require a period of eight years between the submission of an application to final approval for opening large-type retail stores. Participants asked senior members of the CIAD to further consult with the government about the preparation of the interim report.

While speaking at a meeting of small- and medium-sized enterprise organizations in Tokyo, LDP Secretary General Ozawa stressed anew the necessity of dealing positively with the issue of large retail stores and other issues to maintain the currently strong and unwavering relations between Japan and the United States.

Chief Cabinet Secretary Sakamoto, who has been adjusting views within the LDP, held a series of meetings with former Deputy Prime Ministers Kanemaru and Miyazawa, at which he asked for their cooperation in working out the government's draft interim report. Former Deputy Prime Minister Kanemaru said in response: Because Japan exists because the United States exists, I will cooperate to the end and I hope that the government will work hard on this issue. For his part former Deputy Prime Minister Miyazawa pledged his full cooperation and stressed the importance of resolving the various SII issues from the standpoint of a broad persepctive.

Based on this adjustment of views within the government and the LDP, the government plans to work out the government's final draft interim report tomorrow. However, if difficulties are encountered in the process of adjusting the views within the government on the issues of the Large-Type Retail Store Law and on increased investments in the public works sector, the preparation of the final draft interim report will most likely be delayed.

Trade Head, Lawmakers Oppose Retail Law Repeal

OW2903063790 Tokyo KYODO in English 0429 GMT 29 Mar 90

[Text] Tokyo, March 29 KYODO—International Trade and Industry Minister Kabun Muto categorically denied Thursday that he is harboring any idea of repealing the Large-Scale Retail Stores Law to assuage U.S. frustrations about Japan's alleged structural barriers to trade and investments. "Scrapping the law is simply not in my head," Muto said at a meeting of a Liberal Democratic Party (LDP) special committee to hammer out a party consensus over the ongoing Structural Impediments Initiative (SII) talks with the United States, LDP sources said.

Muto said the government is trying to struggle out of the current predicament over the issue by improving the way the law is enforced, including shortening the maximum preparation period for opening large stores, the sources said.

U.S. negotiators in the talks have been demanding that the law, which restricts the opening of large-sized stores to protect small shops, should be repealed to boost foreign access to the Japanese market. But small shop owners, who constitute one of the LDP's most loyal constituencies, are forcefully opposed to changing the law out of fear it would result in more competition from their larger rivals.

Muto appealed in the committee meeting for cooperation from his LDP colleagues, saying he is making efforts to find a balance between improving Japan's relations with the U.S. and protecting the interest of small shop owners.

Most LDP members who attended the meeting made it clear they are opposed to changing or repealing the law since such a step might cost the party important voter supporters.

Some LDP legislators elected from urban constituencies also expressed their objection to the idea emerging in the party that stores in the three largest metropolitan areas should be exempted from the law.

Mikio Okuda, chairman of the LDP's Commerce and Industry Panel, argued against abolishing the law in view of the need to protect small- and medium-sized stores. But he conceded that the application of the law should be made less strict, citing the fact that it sometimes takes as long as 10 years to get permission to open a large retail outlet.

Koji Kakizawa and Yoshiaki Harada, LDP Diet members from urban constituencies, criticized the idea of exempting the three large areas around Tokyo, Osaka, and Nagoya from the law. They contended that such a measure would hamper urban redevelopment projects.

Lawmakers from small cities also opposed altering the law, contending it would be detrimental to orderly development of cities.

On the other hand, Tsutomu Hata, a former farm minister, stressed the importance of coming up with a proposal that can satisfy the U.S. Congress. He pointed out that U.S. President George Bush is in a difficult position because of the so-called revisionist view in Washington, which advocates an overall revision of U.S. trade policy toward Japan. This view is gaining ground rapidly among U.S. lawmakers. Hata said the Japan-U.S. relations are "in a very dangerous situation."

Toshio Yamaguchi, who heads the committee and is expected to visit the U.S. immediately after the fourth round of SII talks slated for April 2 and 3, also emphasized that the U.S. is quite adamant in demanding that the law be scrapped.

Meanwhile, Muto met with LDP Secretary General Ichiro Ozawa and the chairman of the party's Policy Affairs Research Council, Mutsuki Kato, and told them he cannot accept the U.S. demand to repeal the law. Ozawa and Kato reportedly agreed with Muto's view.

Finance Minister To Seek Action on Yen Fall

OW2903053790 Tokyo KYODO in English 0441 GMT 29 Mar 90

[Text] Tokyo, March 29 KYODO—Finance Minister Ryutaro Hashimoto said Thursday Japan hopes to discuss concerted action on currency stabilization at a meeting of finance ministers and central bank governors from the Group of Seven (G-7) industrial nations in Paris on April 7. He made the remark in reply to Socialist questioner Wataru Kubo at the House of Councilors Finance Committee session.

Hashimoto also said that the turbulent changes in Eastern Europe will be high on the agenda at the forthcoming G-7 meeting. The Group of Seven is made up of Japan, the United States, Canada, Britain, Italy, France, and West Germany.

In order to keep up sustained economic growth without inflation, Japan would like to discuss policy coordination to stabilize the currency markets, he said.

Expressing concern over speculation in the foreign exchange market as a major cause of the yen's weakness, Hashimoto stressed that he agreed at his recent meeting in California with U.S. Treasury Secretary Nicholas Brady that the yen's further depreciation will worsen U.S. trade deficits.

Kadena Air Base Operation Set for 5 Aug

OW2903090190 Naha OKINAWA TIMES in Japanese 28 Mar 90 Morning Edition p 2

[Text] The Okinawa Prefectural Council Against Atomic and Hydrogen Bombs (chairman Tomohiro Kayoda) held its 28th general assembly at Yashio Hotel in Naha City on the afternoon of 27 March. Approximately 100 delegates attended the session, which decided on this year's action programs, including a plan to actively participate in the "Kadena Air Base Encirclement Operation on 5 August."

While opening the assembly, Chairman Kayoda appealed to the delegates, saying: "The development of the international situation calls for the removal of nuclear weapons from the face of the earth. However, a situation marked by danger continues in Asia, with the U.S. forces expanding and strengthening their bases on Okinawa and stepping up exercises here. We must make a success of this base encirclement operation and draw international cooperation in the cause."

The first Kadena Air Base Encirclement Operation, at which appeals were made against war and for peace, was held in 1987 and was a major success. This year's program will be the second such event.

The base encirclement operation this time will be repeated later at Yokoda Base (Tokyo). Similar actions are planned at Sasebo (Nagasaki), Iwakuni (Yamaguchi), Yokosuka (Kanagawa), and Mizawa (Aomori), where U.S. military bases are located. The council hopes to make a good start at Kadena.

Antibase Groups Oppose U.S.-ROK Exercise

OW2803052190 Naha Okinawa Times in Japanese 26 Mar 90 Evening Edition p 7

[Text] Kadena Air Base—Using the slogans "Deter Nuclear War" and "Abolish Nuclear Weapons," a "base monitoring action to oppose joint U.S.-ROK exercises" got under way on 26 March on a hill on the northern side of Kadena Air Base. The action is sponsored by Toitsuren [United Action Liaison Council To Defend Livelihood and Democracy], the Prefectural Peace Committee, the Prefectural Council Against Atomic and Hydrogen Bombs, Chubu [area located in the central part of Okinawa] Toitsuren, and the Ginowan Civic Council.

The monitoring action is aimed at opposing joint U.S.-ROK exercises and lodging a complaint about the dangerous conditions of bases and security systems by checking U.S. military moves, mainly at Kadena Air Base.

The action is to last for a week through 1 April for a total of 90 hours, and will take place daily from 0800 to 1900 (24 hours on 29 March) at Futenma Air Station, White Beach, Blue Beach, and Naha Military Port, in addition to Kadena Air Base. At a hill on the northern side of Kadena Air Base, a base panel exhibition will be held to appeal the present situation in which bases are being strengthened.

At 0700 on 26 March, the first day of the action, a gathering was held on a hill in Kadena town, popularly known as "the hill where security arrangements are visible." On behalf of the sponsor, Masao Miyagi, chairman of Prefectural Toitsuren, and Zensho Nohara, representative director of the Prefectural Peace Committee, said: "Let us monitor U.S. military moves for a week starting today and bring a complaint about them to Okinawan citizens. Voices calling for the abolition of nuclear weapons are being raised all over the world."

Takeshita To Visit Seoul 15-17 April

OW2803114790 Tokyo KYODO in English 1103 GMT 28 Mar 90

[Text] Tokyo, March 28 KYODO—Former Prime Minister Noboru Takeshita said Wednesday he plans to visit Seoul on April 15-17. Takeshita told South Korea's ruling Democratic Liberal Party co-leader Kim Yong-sam in a meeting at Takeshita's office in Tokyo that he intends to meet South Korean counterparts following his installation as chairman of the Japan-South Korea Parliamentarians League, sources close to Takeshita said.

Takeshita is expected to meet South Korean President No Tae-u during his planned visit, the sources said.

During the meeting, Kim told Takeshita that he hoped a visit by No to Japan expected in late May will yield concrete results, the sources said. Takeshita was quoted as saying, "If (No's) visit is realized, it is important to do all in our power to make it fruitful."

In a stopover in Japan last week, Kim urged Tokyo to help make a suitable climate for No's visit by resolving issues such as the legal status of third-generation Korean residents in Japan.

Diplomatic Ties Between ROK, Mongolia Welcomed

OW2703143090 Tokyo KYODO in English 1339 GMT 27 Mar 90

[Text] Tokyo, March 27 KYODO—Japan welcomes the establishment of diplomatic ties between Mongolia and South Korea as announced on Monday, a Japanese Foreign Ministry spokesman said Tuesday. Spokesman Taizo Watanabe issued a statement and said this will contribute to the peace and stability of the Asia-Pacific region.

Japan hopes for further progress in interstate relationships in East Asia, he said.

South Korea and Mongolia on Monday established ambassador-level diplomatic ties in a signing ceremony in Mongolia. Mongolia was the first Asian socialist state to have such ties with South Korea.

South Korean Arrested for Illegal Fishing

OW2703041390 Tokyo KYODO in English 0335 GMT 27 Mar 90

[Text] Kitakyushu, Fukuoka Pref., March 27 KYODO—Nagasaki Maritime Safety Agency [MSA] officials said

Tuesday they arrested a South Korean captain late Monday night on suspicion of violating a fishing law. MSA officials said an agency patrol boat ordered Yu Ung-sul, captain of the 75-ton Hwayong-ho, to stop for inspection in Japanese territorial waters some 22 kilometers southsoutheast of Nagasaki Prefecture.

The South Korean vessel fled and the patrol boat chased it and forced it to stop an hour later. Yu was arrested. The officials said they suspect that the ship was fishing illegally as it had dragnets on board.

Socialist Party To Endorse Treaty With ROK

OW2903141190 Tokyo KYODO in English 1212 GMT 29 Mar 90

[Text] Tokyo, March 29 KYODO—The Japan Socialist Party (JSP) decided Thursday to submit a proposal to the upcoming party congress, recognizing the Japan-South Korea basic relations treaty on grounds of diplomatic continuity, party officials said.

The JSP Central Executive Committee made the decision after rank-and-file party officials discussed the proposal, made by JSP Chairwoman Takako Doi last September. Doi's proposal, which will be presented to the party congress to be held April 3-5, also called for balanced relations both with North and South Korea.

Touching on relations between Japan and East European countries, the Doi proposal said Japan should extend more economic and technological assistance to those countries. The proposal also called on the Japanese Government to continue meaningful talks with the U.S. Government on their structural impediments initiative.

Tokyo Branch of FDC Chapter Inaugurated

OW2803112290 Taipei CNA in English 1036 GMT 28 Mar 90

[Text] Tokyo, March 28 (CNA)—The Tokyo branch of the Japan chapter under the Paris-based "Federation for a Democratic China" [FDC] has been inaugurated this week. According to a spokesman, the Tokyo branch has about 30 members. Lee Liang, an editor of the "DEMOCRATIC CHINA" magazine, was elected the branch's first chairman.

The first anti-Peking campaign by the Tokyo branch was to send letters to the Soviet media to protest against Premier Li Peng's trip to Moscow scheduled for late April. The letters, signed by about 300 Mainland Chinese students in Japan and Canada, bare Li Peng's involvement in last June's Tiananmen Square massacre, the spokesman said.

The Tokyo branch will also organize lectures and memorial services during the first anniversary of the "June 4" incident.

The FDC's Japan chapter was established last December. Four local branches have been set up in Osaka, Kyoto, Matsuyama, and Tokyo.

Government To Aid Cambodian Refugees

OW2703035190 Tokyo KYODO in English 0049 GMT 27 Mar 90

[Text] Tokyo, March 27 KYODO—Japan will provide some 660 million yen for emergency food relief assistance for Cambodian refugees in Thailand, Foreign Ministry officials said Tuesday. Officials said the food aid package, which will consist of 310,000 dried biscuits and 1,200 tons of canned fish, will be channeled through the United Nations World Food Program (WFP) and implemented on site by the UN Border Relief Operations (UNBRO).

Delivery of the canned fish will take up to four months, while the biscuits will reach the refugees around May, officials said. The biscuits will be provided primarily by various local ward governments in Tokyo, they said.

Officials said that in addition to the latest package, Japan has provided a total of 28.68 billion yen in food assistance to Cambodian refugees during the current fiscal year ending this month.

Special Fund To Be Set Up for Poland, Hungary

OW2703145690 Tokyo KYODO in English 1432 GMT 27 Mar 90

[Text] Tokyo, March 27 KYODO—Japan on Tuesday committed 1 million dollars to set up a special fund in the United Nation International Development Organization (UNIDO) for technological cooperation for Poland and Hungary, Foreign Ministry officials said Tuesday.

Officials said notes to that effect were exchanged in Vienna on Tuesday between representatives of the Japanese Government and UNIDO. Japan's contribution to UNIDO comes as part of the 25 million dollars in technological cooperation which Prime Minister Toshiki Kaifu pledged to the two East European countries in his Berlin speech last January.

Officials said the fund will be used for such purposes as the dispatch of specialists in quality control and other areas of technical expertise which are urgently required by Poland and Hungary as they reform their economies along market-oriented lines.

Other portions of Kaifu's 25 million dollar package have been allocated to the dispatch of project identification teams and management specialists, as well as the invitation of Hungarian and Polish Government and business officials to attend seminars in Japan.

Food Assistance To Be Provided to Poland

OW2703124090 Tokyo KYODO in English 1130 GMT 27 Mar 90

[Text] Tokyo, March 27 KYODO—Japan will extend a grant of 2.08 billion yen in food assistance to Poland, Foreign Ministry officials said Tuesday. The officials said notes to that effect were exchanged in Rome between representatives of the Japanese Government and the United Nations World Food Program (WFP), which will purchase wheat from the United States.

A separate implementation agreement concerning delivery of the wheat will be concluded in the near future between Japan and Poland, the officials said.

The present food aid package, which comes as part of a 25 million dollar food aid package to Poland promised by Prime Minister Toshiki Kaifu in Berlin in early January, follows the first concession of 1.32 billion yen in Hungarian wheat to Poland later that month.

The Foreign Ministry said the aid is being extended "with a view to assisting the rebuilding of Poland's economy" as it pursues reforms aimed at freedom, democracy and a market-based economic system.

The food assistance to Poland was originally intended to help the country feed itself through the harsh winter, as it has been suffering from a shortage of agricultural produce of the market, compounded by a drastic rise in prices.

The officials said the delay in the second portion of the pledged food aid until the spring has been due to the need for the Diet to pass the government's supplementary budget for fiscal 1989 ending this month, which finally occurred Monday.

Companies Interested in Investing in CSSR

OW2803083590 Tokyo KYODO in English 0736 GMT 28 Mar 90

[Text] Prague, March 28 KYODO—A total of nine automakers from around the world are sounding out possibilities for joint ventures with Czech automaker Skoda, according to a senior official of the state-run company. The move follows economic liberalization in East Europe, said Zdenek Patocka, vice president of Skoda, in an interview with KYODO news service here.

Among companies making overtures are Japan's Nissan Motor Co., Isuzu Motors Ltd., and Fuji Heavy Industries Ltd., but negotiations with these firms are far from getting into full swing, he said.

Patocka said Skoda is considering joint ventures with such companies as Bayerishe Motoren Werke AG (BMW) of West Germany and General Motors Corp. because their proposals are more concrete than those of Japanese makers. Japanese makers are attractive in terms of technology and funds, but they set detailed conditions from the first and there is little scope for negotiations, he said.

The Japanese makers seem to be dissatisfied that Skoda is negotiating with the nine makers simultaneously, he also said.

Skoda hopes to tie up with foreign firms as soon as possible, he said, adding that the company will hopefully decide on a few partners before the country's free election in June.

Austria Urges Kaifu To Support Bank in Vienna

OW2803084190 Tokyo KYODO in English 0732 GMT 28 Mar 90

[Text] Tokyo, March 28 KYODO—Austrian Chancellor Franz Vranitzky asked Prime Minister Toshiki Kaifu Wednesday to support his invitation to locate the headquarters of the planned European Bank for Reconstruction of Eastern Europe in Vienna. Vranitzky made the request in a letter delivered to Kaifu by Finance Minister Ferdinand Lacina, a government official said.

In the letter Vranitzky invited Kaifu to visit Austria, the official said. Kaifu was quoted as saying he will study the possibility of his visit.

Lacina told Kaifu he is optomistic that the German mark will stabilize after monetary union between West and East Germanys is realized. The finance minister said that Western support will be important to assist reform of East European economies.

Measures Taken To Check Soaring Land Prices

OW2703132090 Tokyo KYODO in English 1146 GMT 27 Mar 90

[Text] Tokyo, March 27 KYODO—The Ministry of Finance (MOF), in an emergency move to check soaring prices of land, Tuesday ordered banks and other financial institutions to curb their loans to the real estate industry, effective April 1. The MOF Bank Bureau chief ordered the financial institutions to keep the rate of year-on-year increases in their outstanding loans to real estate businesses below the growth rate in their total outstanding loans.

The financial institutions cover all banks, Shinkin banks, credit cooperatives, life insurance companies, nonlife insurance companies, and foreign banks, officials said.

The MOF issued a notice to financial institutions in January 1989 calling for voluntary curbs on loans intended to aid in speculative investments in land, but to little effect. As a result, the ministry Tuesday decided on stronger action to have financial institutions hold down their lendings to real estate interests, officials said. They said the emergency action is being taken for the first time since 1973, when a similar move was made to prevent skyrocketing prices of land.

Outstanding bank loans to the real estate industry at the end of last year were up 14.1 percent from the year before. This rate was well above the 10.9 percent increase registered in outstanding bank loans to all industries during the same period.

The ministry said, however, housing loans to individuals would not be affected by the new move.

Hashimoto Views Foreigners Holding NTT Stock

OW2903141390 Tokyo KYODO in English 1145 GMT 29 Mar 90

[Text] Tokyo, March 29 KYODO—A Ministry of Finance (MOF) official indicated Thursday that the ban on foreigners holding stock of Nippon Telegraph and Telephone Corp. (NTT) should be lifted. He said such lifting would serve to expand the stock market and make stock market trading more efficient, having a favorable effect on the currently sluggish price of NTT stock.

Toshio Osu, chief of the MOF Financial Bureau, was replying to a question at the day's meeting of the House of Councillors Finance Committee.

Finance Minister Ryutaro Hashimoto said, however, that due consideration should be given to the security problem involved in allowing foreigners to hold NTT stock.

Agency To Request Money for Naval Exercise

OW2703101290 Tokyo KYODO in English 0848 GMT 27 Mar 90

[Text] Tokyo, March 27 KYODO—The Defense Agency will request a 1 billion yen budget in order to allow the Maritime Self-Defense Force (MSDF) to take part in Rim of Pacific (Rimpac) naval exercise, agency chief Yozo Ishikawa said Tuesday. The Defense Agency request, to be included in a fiscal 1990 provisional government budget, is expected to be approved by a cabinet meeting Wednesday.

Ishikawa also said the MSDF will send 10 destroyer-class warships and eight antisubmarine P3C aircraft to join the biannual multilateral exercise to be staged in the eastern Pacific between April 2 and May 21.

The United States, Canada, Australia, Japan, and South Korea will take part in Rimpac 90, to be held in the Pacific waters extending from southern California to Hawaii. It will be the first time the South Korean Navy will join Rimpac exercises, which started in 1972.

Ishikawa said the MSDF's participation will not violate Japanese constitutional provisions against exercising the right of collective self-defense because the MSDF will stage the joint exercise only with the U.S. Navy.

Poll Shows Kaifu Cabinet Gaining Popularity

OW2903002590 Tokyo KYODO in English 2301 GMT 28 Mar 90

[Text] Tokyo, March 29 KYODO—The public support rate for the cabinet of Prime Minister Toshiki Kaifu jumped to 57.3 percent in March from 45.6 percent in December, according to a KYODO NEWS SERVICE poll released Thursday. The figure is the highest for the Kaifu Cabinet since he assumed office on August 10.

The 59-year-old prime minister launched his second cabinet on February 28 after his Liberal Democratic Party (LDP) won a stable majority in the February 18 general election. Those who do not support the Kaifu Cabinet decreased to 35.7 percent from 43.2 percent in the previous survey.

By political parties, the support rate for the LDP reached 52.4 percent, an increase of 6.5 points.

Japan Socialist Party (JSP), the largest opposition group, also increased its popular support, from 21.5 percent to 24.0 percent. However, the other opposition parties suffered a decline in their support rates.

The support rate for Komeito, the No. 2 opposition party, was 2.5 percent (4.4 percent in December), the Japan Communist Party 2.0 percent (2.3 percent), the Democratic Socialist Party 2.4 percent (2.7 percent), and the United Social Democratic Party 1.0 percent (1.3 percent).

KYODO conducted the survey on March 24-25, covering 3,000 people aged 20 or older among 90 million eligible voters. Of those surveyed, 1,875 or 62.5 percent, responded.

Among those who said they support the Kaifu Cabinet, 30.0 percent, down from 32.1 percent in December, said there is no other person appropriate for the job. The poll showed that 27.4 percent, down from 30.4 percent, supports the Kaifu Cabinet because it is an LDP government.

The survey showed that 25.2 percent, up from 20.3 percent, supports the cabinet because they trust the prime minister. An increase in public trust in Kaifu shows that people gave high marks to Kaifu's political stand in refusing to include scandal-tainted politicians in his second cabinet, political analysts said.

Despite strong pressure from LDP factional leaders, Kaifu barred two politicians, Takayuki Sato and former Education Minister Yoshiro Mori, from membership of his second cabinet. In 1986, Sato was sentenced for involvement in the 1976 Lockheed bribery scandal and Mori was one of the largest stock purchasers in the Recruit influence-peddling affair.

Among those who said they do not support the cabinet, 25.8 percent, down 2 points from the previous survey, said they feel this way because it is backed by the LDP. However, the number of people who said they do not support the cabinet because they dislike Kaifu's economic policy decreased to 17.6 percent from 25.2 percent in December.

The decline represents a gradual easing of antagonism toward the 3 percent sales tax introduced last April, analysts said.

Another 15.8 percent, up from 6.4 percent, replied that they do not support the cabinet because they cannot expect the prime minister to do well in foreign policy. The upsurge of distrust in Kaifu's diplomatic ability shows concern over growing trade friction between Japan and the United States, according to analysts.

Chief Cabinet Secretary Misoji Sakamoto said that the high public support rate for the Kaifu Cabinet reflects the strong hope for political stability.

Mongolia

ROK Official Interviewed on Bilateral Relations

OW2903113390 Ulaanbaatar International Service in English 1100 GMT 29 Mar 90

[Text] Speaking to a MONTSAME agency correspondent, visiting Deputy Foreign Minister of South Korea [title as heard] Yi Ki-chu said that he hoped that diplomatic relations between Korea and Mongolia will play an important role in developing bilateral cooperation and promoting Asian peace and security. He voiced satisfaction with the fruitful result of the new political thinking which has created favorable conditions for establishing diplomatic relations between the two countries.

Mr. Yi Ki-chu expressed South Korea's readiness to share her economic experience with Mongolia, especially in the field of training personnel.

MPR-PRC Commission Discusses Joint Ventures

OW2903094590 Ulaanbaatar International Service in Japanese 1200 GMT 27 Mar 90

[Text] The first session of the Mongolian-Chinese Intergovernmental Commission on Joint Ventures in Economy and Science and Technology was held in Ulaanbaatar to discuss issues on promoting business ventures between the two nations in the fields of economy, trade, and science and technology.

Among the issues brought up for discussion at the session were joint development of coal and iron mines in Mongolia, construction of pigskin and cowhide processing and toothpaste and detergent plants, as well as expansion of commercial transactions between private enterprises and direct exchanges between provinces, committees, and various other agencies. At this session, our two nations also concluded an agreement on joint scientific and technological ventures.

Premier Says Domestic Economy Facing 'Crisis'

OW2903095090 Ulaanbaatar International Service in Japanese 1200 GMT 27 Mar 90

[Text] Gungaadorj, chairman of the Mongolian Council of Ministers, made the following remarks in his speech on government policy delivered at the regular session of the People's Great Hural: We are facing a crisis in the domestic economy. Our primary task is to reform and develop economy. Since it is now important to improve this critical situation in the economy as soon as possible, the government will give priority to this task.

And he stated that the government's basic policy is to ensure peace and security, achieve unity among the people, promote economic reform, and improve standards of living.

UNEN Carries Draft Temporary Rules of MPRP

OW2803132890 Ulaanbaatar International Service in English 1100 GMT 28 Mar 90

[Text] The national daily UNEN carries draft temporary rules of the Mongolian People's Revolutionary Party worked out with the due account of views and suggestions on the previous draft. This draft will be submitted for consideration at the forthcoming extraordinary party congress. The draft rules proclaim that the supreme goal of the Mongolian People's Revolutionary Party is people's welfare. The party's theoretical foundation will be the Marxist and Leninist methodology. The party values democracy, openness, justice, discipline, collective leadership, creative and friendly atmosphere in unity, notes the draft.

The Mongolian People's Revolutionary Party must act within the framework of the Mongolian Constitution, be self-financed, and conduct its policy through party members and state and government bodies, says the draft temporary rules of the Mongolian People's Revolutionary Party.

Livestock Breeders Hold Congress; Elects Leaders

OW2803215790 Ulaanbaatar International Service in English 1100 GMT 28 Mar 90

[Text] The Mongolian Union of Livestock Breeders and Agro Workers held its first congress in Ulaanbaatar. It has approved the platform and rules of the union and elected its leading body. The congress defined the union as a social-political organization with the major goal of setting up a humane democratic society and eliminating socioeconomic backwardness of the countryside. The union promises to act within the Constitution on an equal footing with other political forces.

The first congress of the Union of Livestock Breeders and Agro Workers approved an appeal to rural inhabitants calling for consolidating national unity and making irreversible the ongoing renewal process in the country.

Today the union incorporates 50,000 members.

North Korea

U.S. National Security Report Denounced

SK2903052690 Pyongyang KCNA in English 0511 GMT 29 Mar 90

[Text] Pyongyang March 29 (KCNA)—The annual report of the U.S. "National Security Council" submitted to congress by President Bush recently graphically shows there is no limit to the U.S. imperialists' ambition to establish domination over the world and reign over it, says NODONG SINMUN in a commentary today.

Referring to the jargon made by Bush in his annual report that to strengthen the policy of strength against socialism will remain the "national security policy" of the United States in the future, the news analyst says:

The report is full of vile slanders and hatred against the world people's cause of independence and progress, the cause of socialism, and it is foreseen that the U.S. imperialists' anti-socialist offensive, military threats and blackmail in particular, will be intensified in future.

The U.S. imperialists, the mastermind of anti-socialist moves, are dreaming of weakening socialism and establishing domination over the whole world by military force and are directing a sharper edge of their aggression and subversive acts against socialism.

It is well worth noting that they are stepping up their Asia-Pacific strategy and racing headlong ahead with the hideous plan to pack the northeast Asian region including South Korea and Japan with nuclear armed forces and mount a nuclear attack on our republic and other socialist countries.

Hence, the northeast Asian region today has turned into the main front for the imperialists in their offensive against socialism, and the U.S.-Japan military collusion and tieup and the U.S.-Japan-South Korea three-way military system have become an important lever in this offensive.

To fight for peace and peaceful reunification of Korea is, therefore, an important link in the chain of the struggle to smash the U.S. imperialists' nuclear war plan and the imperialists' anti-socialist offensive.

Vain is the U.S. imperialists' ambition to weaken the socialist forces and establish domination over the world, the news analyst says, and stresses:

Socialism which represents the ideal and future of mankind will surely be crowned with victory.

KCNA Denounces 'Team Spirit 90' Excercise

SK2803160090 Pyongyang KCNA in English 1530 GMT 28 Mar 90

[Text] Pyongyang March 28 (KCNA)—The U.S. imperialists and the South Korean puppets continue staging feverish war games on the ground and in the air for northward invasion as a part of the aggressive "Team Spirit 90" joint military exercises, according to military sources.

The U.S. imperialists Tuesday brought formations of transport planes carrying paratroopers to the sky above the operational area of South Korea from their bases in Okinawa and madly staged an exercise of dropping them by surprise in the depth of the northern half of Korea in an "emergency" and going over to an attack.

The U.S. imperialists and the South Korean puppets staged a hysteric exercise of surprise strikes at targets on the ground and sea aimed at northward invasion by sending over 120 "F-16", "F-4" and "F-5" fighter-bombers to the sky above the operational zone from 11:00 to 19:00 on the same day.

On March 26 the South Korean Puppets kicked up a row, staging for hours an aerial exercise of airlifting combat equipment and supplies to the operational area by mobilizing formations of "C-123" large-size transport planes.

On March 27 they drove puppet army infantry units into a drill aimed at an attack on the north and, at round 10:00 that day, brought 105-mm guns to the military demarcation line area and openly threatened us by firing shells at random.

Such reckless war games of the U.S. imperialists and the South Korean puppets show that they keep increasing the danger of war on the Korean peninsula.

Newspapers Criticize U.S. Fighter Shipment

MINJU CHOSON

SK2903104190 Pyongyang KCNA in English 1021 GMT 29 Mar 90

["Arms Buildup Behind the Facade of 'Arms Cutback'"—KCNA headline]

[Text] Pyongyang March 29 (KCNA)—The U.S. imperialists recently decided to deliver 120 Europe-based "F-18" fighter planes and many other war materiel to the South Korean puppets.

MINJU CHOSON in a commentary today brands this as part of their premeditated moves to further equip the South Korean puppet army with sophisticated weapons and drive it into a war against the North as a shock force.

The news analyst says:

In South Korea there are nearly 50,000 U.S. troops equipped with modern weapons and over 1,000 pieces of nuclear weapons and there exist the puppet army about one million strong and para-military forces over 10 million strong.

The U.S. imperialist moves to reinforce aggression forces in South Korea are a factor that increases the military confrontation on the Korean peninsula.

The U.S. imperialists and the South Korean puppets are hastening arms buildup and intensifying war preparations, far from accepting the DPRK's fair and aboveboard disarmament proposal.

"Arms cutback" advertised by the U.S. imperialists is false, and they are ultimately seeking to ignite a war of aggression on the Korean peninsula and realize their global strategy. The U.S. imperialists will be unable to escape strong denunciation and rejection at home and abroad for the arms buildup and military maneuvers they are stepping up against us, going against the global trend toward detente.

NODONG SINMUN

SK2903105890 Pyongyang KCNA in English 1042 GMT 29 Mar 90

["U.S. Imperialist Aggression Forces Reinforced Behind 'Disarmament Curtain'"—KCNA headline]

[Text] Pyongyang March 29 (KCNA)—NODONG SINMUN today exposes that the U.S. imperialists are stepping up arms buildup behind "disarmament" curtain.

U.S. President Bush and other reactionary ruling quarters cry that it is the fundamental of the United States' policy to "maintain its strong military power, the United States' strategy is to "retain the position of strength" and even though the United States may reduce ground forces in some regions, it should "maintain the level of overall armed forces", a signed article of the paper notes, and says:

As long as the United States remains imperialist, its policy of strength can never change and, accordingly, it is unavoidable for them to keep going along the road of arms expansion. The United States is a country dominated by military monopolies. Its ruling quarters are rushing along arms buildup instead of arms reduction.

The U.S. imperialists are developing new-type weapons including "Trident 2" to replace scrapped ones. One third of the industrial establishments in the United States are spending a great amount of money for the production of new- type weapons.

They have set about developing 10,000 pieces of amm [as received] for "Star Wars" program. They are seeking to realize their design of world supremacy by replacing the old nuclear weapons with latest ones and taking the superiority in strength and nuclear arms behind "disarmament" curtain.

While reducing armed forces in one region, the U.S. imperialists are further beefing them up in another. They are concentrating huge naval, air and ground forces in the Asia-Pacific region.

In South Korea in particular, they are reinforcing forces while paying lip-service to "reduction". The troops who are said to be reduced in South Korea by the United States are only a small number of noncombatants.

Its airforce base to be closed is also said to be used again as a military operational base in "emergency". They are seeking to build up an another airforce unit at its base in Osan with "F-16" fighter-bombers and soon introduce "F-15E", with greater maneuverability than "F-16", into South Korea.

The U.S. imperialists are scheming to invade our republic and other socialist countries, with South Korea as a frontline base for carrying out the U.S. strategy.

Their moves for arms buildup behind "disarmament" curtain are an outrageous challenge to the desire of mankind who want to live in a peaceful world free of war.

Administration Council Spokesman on Wall Probe

SK2803155090 Pyongyang KCNA in English 1535 GMT 28 Mar 90

[Text] Pyongyang March 28 (KCNA)—The projected contact between working officials over the matter of joint investigation into the concrete wall could not take place as scheduled owing to the wrong stance of the South Korean authorities. A spokesman of the Administration Council of the Democratic People's Republic of Korea answered the question put by a reporter of the Korean Central News Agency in this connection as follows:

As already reported, the Consultative Meeting of Representatives of the Government and Political Parties of the DPRK proposed to form a joint investigation team made up with representatives of the authorities and political parties of the North and the South to conduct a spot joint investigation into the concrete wall, a symbol of national split, since the South Korean authorities deny its existence and to have a contact between working officials of the two sides in the conference room of the Neutral Nations Supervisory Commission in Panmunjom on March 28 to discuss related working formalities.

This proposal of ours was a patriotic initiative fully in line with the desire of the whole nation as it was aimed at pulling down the concrete wall that artificially divides the one territory and one nation into two and realizing the free travel and total opening between the North and the South as early as possible.

The South Korean authorities, however, turned down this sincere offer of ours this time too, without any proper reason or condition.

As soon as they took over our third letter, the South Korean authorities let a spokesman for the "Unification Board" slander the joint investigation into the concrete wall, claiming that the investigation is "worthless". As the date of the working contact proposed by us drew nearer, they played the trick of evading, in fact, the working contact by simply sending a telephone message saying that they would send a "reply letter" in future.

We cannot understand at all why the South Korean authorities refuse to respond to our proposal for the joint investigation and evade even the working contact for the joint investigation if they have not built any concrete wall in the area south of the Military Demarcation Line.

The South Korean authorities, insisting in a far-fetched manner on the non-existence of the concrete wall, refused to take over the films, video tapes and photographs showing the concrete wall last time and, this time, turned down even the proposal for conducting a joint investigation.

Such foolish behaviour on the part of the South Korean authorities, however, can convince no one. Their more blatant act of doggedly refusing this or that will only mean simply admitting the fact that the concrete wall actually exists.

Such wrong behaviour of the South Korean authorities is an offspring of the anachronistic moves to preserve the concrete wall, the leftover of division and confrontation, at whatever cost and an anti-national act to oppose free travel and complete opening, further fascistize the South Korean society and, furthermore, keep it closed for an indefinite period.

By evading a joint investigation into the concrete wall this time, the South Korean rulers once again clearly revealed that they are the enemy of reunification, the splittists who do not want peace of the country and its peaceful reunification.

The South Korean authorities have built the high concrete wall across the country and turned the whole Southern land into a crucible of fascism by harshly suppressing the national and democratic forces that want peace and reunification in South Korea on the one hand and rendered the situation of the country extremely strained by staging the large-scale nuclear war exercises against the fellow countrymen in league with the outside forces on the other.

The South Korean authorities are committing more unpardonable anti-national crimes against the nation as the days go by.

The South Korean authorities will be unable to deny the existence of the concrete wall, a marker of division and confrontation, and to turn away their face from the just demand of all the fellow countrymen and the world people for the demolition of the wall.

We will continue to call them to task and keep up the struggle till they admit the existence of the concrete wall blocking free travel and complete opening and pull it down by themselves.

Although the South Korean authorities are now denying the existence of the concrete wall, the wall will be eventually torn down by the vigorous struggle of the people at home and abroad and free travel and complete opening between the North and the South be certainly realised.

We strongly demand that the South Korean authorities admit the existence of the concrete wall, make a decision on pulling it down without delay and immediately respond to our proposal for the convocation of a consultative meeting which will open a shortcut to the peace and peaceful reunification of the country.

We will watch the attitude of the South Korean authorities along with the whole nation.

SKNDF Issues Open Letter on 'Fourth Tunnel'

SK2803152090 Pyongyang KCNA in English 1505 GMT 28 Mar 90

[Text] Pyongyang March 28 (KCNA)—The Propaganda Department of the Central Committee of "the South Korean National Democratic Front" (Hanminjon) [SKNDF] disclosed the seamy side of the "fourth tunnel" incident fabricated by the No Tae-u group as part of its anti-North, anti-communist intrigues and published on March 24 an open letter disclosing the truth behind it to the public at home and abroad, according to Radio Voice of National Salvation.

The letter throws a revealing light on the background of the incident and its whole story.

The "fourth tunnel" incident is an offspring of the serious political crisis of the No group and it is a scrupulously planned tricky incident. It is viewed as a case which emerged from within the structure of the U.S. colonial domination propped up by "security-oriented politics," "underhand lobbying politics" and separatist politics.

It is an old game known to all that the military anti-communist fascist "regime," a colonial proxy "regime," resorts to such criminal acts as fabricating or altering various incidents with outcries over fictitious "threat from the North" and "attempts to achieve reunification through communization" each time it finds itself in a quagmire.

This year the people's desire for democracy and the reunification movement are growing stronger with each passing day even under the harsh "security-oriented politics," and the ruling crisis of No's "regime" has gone to the extremes due to the struggle of the labouring masses for better treatment and due to the people's reaction to the economic crisis and "political restructuring" and social unrest.

In particular, the proposal for the removal of the concrete wall and free travel and full-scale opening between the North and the South, a new reunification proposal published in the North in the new year, dealt a hard blow at the No group.

The No group had been nervous, in utter isolation, before they invented the "fourth tunnel" incident as their last life-saving measure.

Although the incident was made public on March 3, its origin must be traced back to No's visit to West Germany in November last year. At that time a Korean overseas surnamed Chong presented him with a piece of cement brick from the torn-down Berlin wall at an annex to a guest house in Cologne on November 21. This was so distressing to No who could feel at rest only behind the wall of division. The serious mental uneasiness made him turn to his habitual trickery like a conditional reflex, and the embryo of the incident began to sprout there.

According to information obtained by Hanminjon organizations recently, the "Security Planning Board" and the "Security Command" separately worked out plans and presented them on orders from No Tae-u. The plan of the "security planning board" was to "prove" the North's "strategy of reunification through communization" by publishing a new "spy ring case" and that of the "Security Command" was to "discover" the North's "fourth tunnel for Southward invasion."

It was the "plan of the Security Command" that was chosen between the two at a secret confab among No Tae-u, the "Defence Minister," the "director of the Security Planning Board" and the "chief of the Security Command."

The drama was approved by U.S. Ambassador Gregg and the U.S. Eighth Army Command.

The plot of the drama was put into a concrete form from the discovery of an old pit North of an underground tunnel for Northward invasion on the Yanggu line which was being dug in top secrecy jointly by South Korea and the United States from May last year.

A "counter shaft" digging aimed at disguising the tunnel for Northward invasion as a "tunnel for Southward invasion" went on day and night in bitter cold in the DMZ area South of the Military Demarcation Line in the Yanggu district in the eastern front under the control of the "Security Command" plot-breeding team. A South Korea-U.S. joint technical team and a technical group of the "Yuwon Construction Co." were mobilized in it.

While the digging was in progress, an unexpected event occurred.

Part of the undertaking of top secret was reported in Washington Times on February 21 and a report about the "discovery of a tunnel" was carried in the local edition of SEGYE ILBO (World Daily) on the following day.

The attention of the political circles and the press focussed on it and that caused a strong suspicion in the public.

However, the "Security Command" which had not yet dug the tunnel down to the old pit by that time could not but make a gesture of denying that.

The "Defence Ministry" on February 22 announced that, "judging that there might be about 20 'tunnels for Southward invasion' in the areas along the truce line, the South side had been carrying on an intensive search along the whole length of the front since '74, throwing a colossal number of personnel and budget into it by joint efforts of South Korea and the United States," and that, there verification not yet completed at the moment, it was still uncertain whether they were tunnels for "Southward invasion" or natural caverns.

But, this causing stronger doubts of the public, the "Security Command" plotters hastened the digging to link the "counter shaft" to the "old pit" before securing enough "evidences" to present the old pit as a "tunnel for southward invasion." Finally, on March 3 they staged a "ceremony of linking the tunnels" and raised the curtain of the drama of the fictitious "fourth tunnel incident."

The open letter further says:

Reports about the discovery of "the fourth tunnel," the publication of a statement by the "Defence Minister," "testimonies" of selected "witnesses," "material evidences" put on show and the like were all devoid of consistency and authenticity, and their self-contradictory argument made the truth behind the intrigue self-evident.

If they had discovered a "tunnel for surprise attack on the South," they should have proved its entity so that the people might be convinced of it.

It is a fact known to all that on March 3 when the "ceremony of linking the tunnels" took place all the TV screened only a scene of the "counter shaft digging" and a diagram, failing either to show a scene of tunnelling through or to present "pieces of material evidence."

The U.S. admiral who is the senior member of the U.S. side to the Military Armistice Commission sent a letter to the senior member of the Korean-Chinese side at 13:00 March 5, requesting him to meet at Panmunjom at 11:00 March 6 for the formation of a joint observer team to inspect the "discovered tunnel." On the same day, however, the "prime minister", answering interpellation by "national assemblymen" said: "it is actually difficult to propose the formation of a joint observer team. There are still problems." He felt guilty conscious, although he intended to create the impression that the tunnel really existed in an effort to mislead public opinion.

The vulnerable points of the fiction are being disclosed still now in rapid succession.

On the 19th of March a spokesman for the "Defence Ministry" appeared on the TV screen and claimed that "a ROK Army search team had removed booby traps planted by the North Army in the fourth tunnel". As home and foreign public admit, however, booby traps are explosives used by the U.S. aggression forces during the June 25 Korean War and the Vietnam War.

He even made ridiculous remarks that "the tunnel is presumed to have been dug from the early 70s to the early 80s and to have been looked after till it was discovered for the use in an event of contingency".

If the "tunnel" was looked after till its discovery, how can they explain that there was standing water 40 centimetres deep and gas in the tunnel?

A Japanese reporter who was present at the "ceremony of linking the tunnels" as one of the observers said that "the tunnel incident is a drama purely for political propaganda" and frontline reporters of leading Seoul-based dailies who had gone to see the "fourth tunnel" said scornfully that "the tunnel incident is a cheap ware not worth a tainted cuttlefish on the Noryangjin direct sales market of aquatic products."

The open letter says in conclusion:

It has become crystal clear that the "fourth tunnel" incident is a political drama co-produced by South Korea and the United States to justify the splittist anti-reunification moves of the United States and the No Tae-u group and save the crisis of the colonial fascist order.

The "South Korean National Democratic Front" declares once again that it is a short cut to democracy, prevention of a war and peace and peaceful reunification to smash the plot of the United States and its stooges and take the road of allying with the North and communism.

NODONG SINMUN Calls Tunnel Fabrication

SK2903104590 Pyongyang KCNA in English 1025 GMT 29 Mar 90

["'Tunnel' Incident Is Plotters' Drama"—KCNA headline]

[Text] Pyongyang March 29 (KCNA)—The "fourth tunnel" incident fabricated by the U.S. imperialists and the South Korean puppets is a drama of plotters to justify the U.S. troops' occupation of South Korea and their war games and invent a pretext to provoke a new war, says NODONG SINMUN in a signed article today.

Recalling that the U.S. imperialists and the South Korean puppets, after digging tunnels to invade the North, started a hysteric anti-DPRK confrontation campaign, alleging that they are "tunnels for southward invasion", the article says:

The row over the "tunnel" incident is, above all, a criminal campaign to save themselves from the predicament into which they have been driven while seeking confrontation and division, not peace and reunification, in the North-South relations.

Our new proposal for national reunification has thrown into tight fix the U.S. imperialists and the puppet clique who built even the concrete wall cutting across the country at its waist, seeking only division.

Such being the situation, the socalled "fourth tunnel" incident was faked up to divert elsewhere the attention of the public at home and abroad denouncing the aggressors and traitors for the construction of the concrete wall and thus get out of the predicament.

The smear campaign of the U.S. imperialists and the South Korean puppets over the "tunnel" incident is next a premeditated move to stabilize the political situation of South Korea and bridge over the crisis of the colonial military fascist rule.

The U.S. imperialists and the puppets intended to reconstruct the structure of military fascist dictatorship through the medium of the "political restructuring" and ruthlessly crack down upon patriotic forces championing independence, democracy and reunification by an allied force of pro-America reactionaries and thus stabilise the political situation of South Korea and have a showdown with us.

The South Korean students and people and dissident forces, however, are all out in the struggle to smash the three party merger, labelling the "political restructuring" as a "political coup d'etat".

The "fourth tunnel" incident is designed to divert to us the resistance of the people targeted against the fascist junta and avoid being the target of the struggle.

The "tunnel" incident also is a deliberate smear campaign to keep the U.S. Forces in South Korea under the pretext of the "threat from the North", justify the "Team Spirit" war games and invent a pretext to provoke a new war.

The smear campaign will result only in throwing a more revealing light on the shamlessness of the U.S. imperialists and the puppets dreaming of split and war and in inviting bitterer condemnation and curses from the people, the article says, adding:

They should look squarely at the trend of the times and act with discretion.

North Publicizes Conference Letter to Chonminyon

SK2903090290 Pyongyang Domestic Service in Korean 0700 GMT 29 Mar 90

[Text] The North side's Preparatory Committee of the DPRK for a Pannational Conference makes public a letter to the National Democratic Alliance of Korea, Chonminnyon, because the South Korean Red Cross refused to accept it. Here is the letter to the Chonminnyon:

As is known, at the meeting of compatriots at home and abroad for the promotion of national reunification held in July last year it was decided to convene a pan-national conference for national reunification at Panmunjom on 15 August this year in which broad segments of Koreans in the North, in the South, and abroad will participate in support of your organization's proposal to hold a pan-national conference for national reunification. The date marks the 45th anniversary of the country's liberation.

The 15 August pan-national conference will be participated in by broad segments of compatriots at home and abroad and will be a grand national festival which will mark a significant event in the history of the reunification movement of the Korean people.

The convocation of this conference, the first of its kind since the country and the nation were divided, will no doubt open a new epoch-making phase in dispelling misunderstanding and distrust between the North and the South, in achieving national reconciliation and unity, and in hastening national peaceful reunification through national independent strength.

We have stepped up all preparations for a successful conference, attaching great importance to it.

Recognizing the need to discuss a series of practical matters related to holding the conference as the date of a conference draws nearer, both the North side and those abroad have decided to hold a meeting of the liaison committee in Berlin on 6-7 April.

The overseas Korean organizations in Japan, the Americas, Europe, and in other parts of the world have already selected one or two delegates to send to the liaison commission, and are hastening preparations.

We think that delegates of your organization, which proposed a pannational conference, should attend the liaison commission meeting. If the National Council of Trade Unions, the National Council of Student Representatives, and other organizations sent their delegates we will welcome them.

The liaison committee meeting will reaffirm the great significance of the 15 August pan-national conference and discuss a series of practical matters, such as the agenda and documents of the meeting, credentials for participants, and the conference program.

We hope that your organization, which regards the launching of the all-people movement for national reunification as a major goal, will surely send its delegates to the liaison committee meeting, so as to hold a successful pan-national conference on 15 August.

[Signed] The North side's Preparatory Committee for a Pannational Conference

[Dated] 29 March, 1990 Pyongyang

News Analyst Denounces 'Permission' for Contacts

SK2903060890 Pyongyang KCNA in English 0537 GMT 29 Mar 90

[Text] Pyongyang March 29 (KCNA)—The No Tae-u group recently announced that it had "permitted" the chief of the Asia Research Centre of Choson University to contact the chairman of the Association of Social Scientists of the North at a conference sponsored by a foreign academic organization and "approved" the contact of the chairman of the Society of Economists of South Korea and another person with people of the North.

NODONG SINMUN today brands the overheated propaganda of the No group about "permission" and "approval" as a crafty ruse to convince public opinion that they are willing to promote dialogue and reunification and to put down the people's demand for free dialogue and contact for reunification.

The news analyst says:

It is outrageous for the puppets to give South Koreans "consent" or something like that as regards their dialogue and contact with us.

No specific political party and authorities can monopolize the reunification dialogue, and nobody has the right to give "approval" and "permission", exclusively controlling the channel of dialogue like a gendarme.

The puppets' talk about "approval" and "permission" is a despicable ruse to monopolize the reunification dialogue under the motto of "unified channel of dialogue" and to open the door of dialogue only to their clan of separatists and shut its door to the people desirous of reunification. It is also aimed at cheating public opinion into believing that the "democratic liberal government" is interested in reunification, making the formalities of "permission" a fait accompli and justifying the criminal concept of "unified channel of dialogue."

These acts, however, bring into bolder relief the separatist nature of the puppets who built the concrete wall and are blocking contact and dialogue for reunification, as well as the reactionary nature of South Korean society, the worst land of human rights violations and a closed society.

The No Tae-u group must discard the "unified channel" formula going against the nation's desire for reunification and open the door for people's free dialogue and contact.

Press Urges Release of Mun in South Korea

SK2803051890 Pyongyang KCNA in English 0448 GMT 28 Mar 90

[Text] Pyongyang March 28 (KCNA)—NODONG SINMUN and MINJU CHOSON today demand an immediate release of messengers of reunification in commentaries dedicated to the first anniversary of the

Pyongyang visit by Rev. Mun Ik-hwan, advisor to the South Korean "Coalition for National Democratic Movement" (Chonminnyon).

NODONG SINMUN says in a signed commentary:

Out of the single desire to make a crevice in the wall of national division and pave the way of national reconciliation and unity by devoting his life, if necessary, Rev. Mun Ik-hwan visited Pyongyang across the death line and had a heart-to-heart discussion with us over the national reunification question.

His Pyongyang visit marked an important occasion in pulling down the barrier of division, promoting national reconciliation and unity and opening a phase favourable for national reunification.

Rev. Mun who did a lot of work beneficial to the country, the nation and reunification should be praised by the entire fellow countrymen.

As soon as Rev. Mun and his companion arrived in Seoul, however, the No Tae-u group handcuffed them in the cabin of an aeroplane and put them to brutal interrogation and tortures in a secret room of the puppet Security Planning Board before inflicting heavy penalties upon them on charges of the violation of the "National Security Law" at murderous trials.

The military fascist clique keeps in prison Rev. Mun, though his life is exposed to danger from illness in his advanced age. This is a brutal act to kill him in prison.

We bitterly condemn, in the name of the nation, the harsh persecution of Rev. Mun and his companion by the puppets, branding it as a wanton violation of human rights and unpardonable anti-national criminal act to pursue North-South confrontation and permanent division and stifle the South Korean patriotic forces seeking reunification and democracy.

MINJU CHOSON in a signed commentary says:

The fascist hangmen have thrown behind bars the messengers of reunification and are imposing sufferings upon them in an attempt to break their will and put down the desire of the people for reunification. But this is a foolish act.

Group Demands Mun's Freedom

SK2903061890 Pyongyang KCNA in English 0544 GMT 29 Mar 90

[Text] Pyongyang March 29 (KCNA)—The Committee for Measures To Save Rev. Mun Ik-hwan bitterly denounces the South Korean authorities for their fascist persecution of Rev. Mun and his companion who visited Pyongyang to do things good for the reunification of the country, as a vicious challenge to the entire nation's desire and aspiration for national reunification and a criminal act seeking North-South confrontation and a permanent division.

The committee declares this in a statement which was published at a press conference here today on the lapse of one year since Rev. Mun, a prominent dissident leader of South Korea, made a significant visit to Pyongyang.

During his stay in the northern half of the country from March 25 to April 3 last year, Rev. Mun was received by the respected leader Comrade Kim Il-song, president of the Democratic People's Republic of Korea, openheartedly exchanged views with him on the issue of national reunification and the future of the nation and, on behalf of the South Korean "Coalition for National Democratic Movement", made public a joint statement with officials concerned of the Committee for the Peaceful Reunification of the Fatherland after reaching an agreement on the matters of principle for the independent and peaceful reunification of the country including the way of reunifying the country through a confederation.

His visit to Pyongyang was a historic event and a patriotic deed powerfully encouraging all the Koreans at home and abroad in the reunification movement: As a dissident politician of South Korea, he met with politicians of the northern half of the country for the first time after Mr. Kim Ku crossed the 38th parallel and participated in the April, 1948, North-South joint conference, urged by his ardent patriotism.

The statement says:

Rev. Mun's visit to Pyongyang was an official visit that he paid in response to our letter of invitation delivered to him by the South Korean authorities and a public visit in that all his activities in the North were made public.

This notwithstanding, the South Korean authorities arrested him by invoking the fascist law. This is a vicious political repression of the forces calling for reunification and democracy.

They are keeping him behind bars though he is in a critical condition in his advanced age for "a disease which requires absolute quiet." This inhuman, savage act is unpardonable in the humanitarian point of view, too.

The statement further says:

At a time when the world is heading for independence, the South Korean authorities bereft of national identity persistently resort to the policy of keeping the South Korean society closed to the North and suppress the forces for reunification, while betraying the interests of the nation and following the U.S. imperialist masters' "two Koreas" policy. We cannot but deplore their anachronistic and flunkeyist acts.

As the South Korean authorities themselves are now crying for "opening" and "exchange", they have no ground to refuse to open the door of reunification or to keep Rev. Mun Ik-hwan, coed Yim Su-kyong and other envoys of reunification behind bars.

They must clearly know that they cannot put down the South Korean people's movement for reunification nor bar travel with the "National Security Law" and the concrete wall nor block dialogue of people of various strata for reunification with the "unified channel of dialogue".

Not only the authorities but non-governmental persons, not only the ruling party but the opposition party, in other words, everyone desirous of reunification, irrespective of the difference in ideology and political view and position, should be allowed to freely visit and meet with each other. This is the demand of our age and the desire of the nation.

The South Korean rulers must refrain from trying to justify their fascist policy and the policy of keeping the South Korean society closed by raising such stereotyped anti-communist racket as the "tunnel incident".

If they are truly interested in "opening" and "exchange", they must take practical steps to pull down the concrete wall, a symbol of North-South confrontation and division, before anything else and abolish the "National Security Law" which remains an obstacle to national unity and the country's peaceful reunification.

At the same time, they must immediately release the illegally arrested envoys of reunification including Rev. Mun Ik-hwan and coed Yim Su-kyong and all the political prisoners at once and democratize South Korean society.

We express the belief that the South Korean people of all walks of life who hope for reunification will valiantly rise up to frustrate the repressive offensive of the fascist clique, have Rev. Mun Ik-hwan and his companion, coed Yim Su-kyong and Father Mun Kyu-hyon and other patriots released at once, tear down the concrete wall and ensure free travel and complete opening between the North and the South, thus bringing about a new turn in the struggle for national reunification this year.

Korean Groups in Japan Denounce Kim Yong-sam

SK2903054690 Pyongyang KCNA in English 0529 GMT 29 Mar 90

[Text] Pyongyang March 29 (KCNA)—The "Federation of South Koreans in Japan for Democracy and Unification" and the "South Korean Youth League in Japan", Korean organisations in Japan, on March 17 sent an open questionnaire to Kim Yong-sam in denunciation of his political prostitution whereby he upset the political structure of "the weak ruling party and strong opposition" hand in glove with traitors No Tae-u and Kim Chong-pil, according to a KNS [Korean News Service] report from Tokyo.

Disillusioned at the betrayal of Kim Yong-sam, the two organisations asked him a series of questions.

Recalling that Kim Yong-sam joined in the grand conservative coalition, despite his earlier declaration that he would not involve himself in it and that it did not deserve a passing note, the questionnaire asked: Isn't this a betrayal to the people, irrespective of reason?

Pointing out that Kim Yong-sam changed the opposition party into a ruling party without asking the opinion of the people, it asked: Don't you think that betraying the people and abandoning the political principle are bound to invite denunciation not only political but also moral?

Recalling that Kim had branded the Chon Tu-hwan "regime" as a "regime" which must not have been born and insisted that the No Tae-u "government" must be forced to resign, it said:

You must explain to the people when the "'regime' that has succeeded the 'regime' which must not have been born, that is, the 'regime' which must be forced to resign, has turned into a 'government' which must be defended."

No Tae-u whom you had criticized as a commander of a rebel army and Kim Chong-pil who paved the way for a long-term office are not national democratic forces.

This notwithstanding, it pointed out, you claim that they are "national and democratic forces". This is as foolish as describing "black" as "white" and is too inconsistent with your earlier remarks.

Recalling that Kim Yong-sam had once branded the "National Security Law" as an "anti-democratic evil law" and promised the people that he would have it fundamentally rectified, the questionnaire said: But you agreed to preserve the skeleton of the "National Security Law" after the merger of the three parties.

You must explain to the people how democracy can be won with this law left intact.

If it is true that you "agreed to" the merger of the three parties with your "decision to save the nation, are you willing to vow in unequivocal terms to the people that you will oppose the "revision of the constitution", not run for "presidency" and not take the "office of the prime minister", the questionnaire asked.

Putting the aforesaid questions, those organisations urged Kim Yong-sam again to give correct answers to them.

Laos-Korea Friendship Group Inaugurated

SK2903052090 Pyongyang KCNA in English 0517 GMT 29 Mar 90

[Text] Pyongyang March 29 (KCNA)—An inaugural meeting of the Korea-Laos Friendship Association was held here on March 28.

The meeting adopted the rules of the association.

The chairman, vice-chairman, secretary general, etc. Of the association were elected.

Yi Chol-pong, minister of city management, was elected chairman.

Speeches were made at the meeting.

The meeting adopted a letter to comrade Kaysone Phomvihan, general secretary of the Central Committee of the Lao People's Revolutionary Party and premier of the Government of the Lao People's Democratic Republic.

Algerian Minister Sends Solidarity Message

SK2903051690 Pyongyang KCNA in English 0502 GMT 29 Mar 90

[Text] Pyongyang March 29 (KCNA)—Algerian Foreign Minister Sid Ahmed Ghazali in a solidarity message to Korean Foreign Minister Kim Yong-nam reaffirmed Algeria's support to all the efforts of the Democratic People's Republic of Korea for the independent and peaceful reunification of the country.

The message says:

The proposal for tearing down the barrier of division on the Korean peninsula advanced by His Excellency President Kim Il-song in his new year address at a time when walls of misgivings and misunderstanding were being pulled down in other regions of the world will greatly contribute to hastening the realisation of the the cause of Korea's reunification.

South Korea

Kim Yong-sam Returns From Soviet Visit

Optimistic About USSR Ties

SK2903123690 Seoul YONHAP in English 1222 GMT 29 Mar 90

[Text] Seoul, March 29 (YONHAP)—Kim Yong-sam, co-leader of South Korea's ruling Democratic Liberal Party (DLP), returned home Thursday [29 Mar] afternoon from a week-long visit to the Soviet Union.

In an arrival statement at the Kimpo International Airport, Kim said he is sure that Seoul and Moscow will establish formal diplomatic ties in the near future.

"If my first visit to the Soviet Union last June could be appraised as the beginning of our effort to improve bilateral relations, I would like to think the second visit this time is the opening of a new historic chapter in that it has provided a decisive occasion for normalizing relations between the two nations," he said.

Kim said he presented Seoul's position hoping for early normalization of bilateral relations to the Soviet side and confirmed Moscow's clear position as well during talks with Soviet leaders, including President Mikhail Gorbachev.

"I believe the normalization of relations with the Soviet Union, which is a long-time ally of North Korea, will play a decisive role to restrain a war and settle peace on the Korean peninsula," Kim added.

Asked on the timing of the Seoul-Moscow diplomatic ties, he said, "Even though I can tell the timing right now, I will decide whether to make it public after consulting with President No Tae-u Friday."

Kim's second Soviet visit in his capacity as a government party leader was highlighted by an unexpected meeting with Gorbachev in the Kremlin on March 21. His first visit was made in June last year when he was an opposition party leader.

Kim and an 11-member official entourage visited Moscow March 20-27 and stayed overnight in Tokyo on the way back home.

Progress in Ties With North

OW2903074790 Tokyo KYODO in English 0657 GMT 29 Mar 90

[Text] Tokyo, March 29 KYODO—Kim Yong-sam, co-leader of South Korea's ruling party, on Thursday predicted progress in his country's troubled relations with the North.

Kim, in a press conference here on the way back from a recent visit to the Soviet Union, said the state of North-South ties on the Korean peninsula was a major topic in talks with Soviet President Mikhail Gorbachev during his visit.

"Relations with the North will likely move in a positive direction hereafter," he said.

But Kim denied Seoul press reports on Wednesday that his ruling Democratic Liberal Party had sent several members to Pyongyang to reassure leaders there that developing Soviet-South Korean ties were not aimed at isolating the North.

Kim quoted Gorbachev as saying there were no obstacles to the normalization of relations between the two countries and predicting increased dynamism in bilateral ties.

A joint statement issued Monday by Kim's delegation and an influential Soviet think-tank in Moscow said the desire for full diplomatic relations was mutual and would aid efforts aimed at the reunification of the Korean peninsula. The group arrived in the Soviet capital March 20. The two nations opened consular offices in Moscow and Seoul last month.

Later in the day in Tokyo, Kim visited Koshiro Ishida, chairman of the second-largest opposition party, Komeito, to urge progress in current negotiations on the legal status of third-generation Korean residents in Japan. Kim said bilateral ties will be adversely affected if the two countries fail to resolve the dispute before the planned May visit of South Korean President No Tae-u.

A securer legal status for some of the 700,000 Korean residents in Japan is the focus of major South Korean demands now being negotiated.

YONHAP Analysis of Trip

SK2803092290 Seoul YONHAP in English 0854 GMT 28 Mar 90

["News Analysis" by Hong Sang-pyo]

[Text] Seoul, March 28 (YONHAP)—Kim Yong-sam, a co-leader of the ruling Democratic Liberal Party (DLP), has laid the groundwork for normalizing ties between South Korea and the Soviet Union during a weeklong trip to Moscow that was highlighted by a meeting with Soviet President Mikhail Gorbachev.

Kim also met with other leading Soviet figures, including Politburo member Aleksandr Yakovlev, a top foreign policy adviser to Gorbachev, and Yevgeniy Primakov, chairman of the Chamber of the Soviet Union, the Soviet upper house, mainly to discuss opening full diplomatic relations and promoting economic cooperation.

The visit, which ended Tuesday, was virtually a formal opening of official contacts between the two countries and could result in the arrival of full ties much earlier than expected, Korean officials said.

The eight-day trip, Kim's second but the first in his capacity as a government party leader, grabbed the limelight when it brought substantial progress in efforts to establish full ties.

Kim's delegation reportedly delivered a message from President No Tae-u to the top Kremlin leader through Soviet officials and was given a reply from Gorbachev.

The almost unprecedented exchange of personal letters between heads of governments that have no diplomatic relations is seen as a bilateral gesture of strong willingness to open diplomatic ties, observers say.

The two sides also discussed, according to Korean officials accompanying Kim, upgrading their consular departments in Seoul and Moscow to consulates general this summer as an intermediate step to full ties.

The two also agreed to have consultations and negotiations on normalizing diplomatic relations, according to a joint statement issued by the Korean delegation and the Soviet Institute for World Economy and International Relations (IMEMO), which invited Kim to Moscow.

Based on the unexpectedly rapid progress toward full ties, the Korean officials predict that the two nations will open ambassador-level diplomatic relations this year and do not hesitate to say that No may be invited to the Soviet Union for a summit with Gorbachev.

The contents of the letters between No and Gorbachev have not been disclosed, but so far as the Korean side is concerned it is the exchange itself that is important because it can be regarded as virtual recognition of each other.

Underlying the Soviet warming toward Seoul may be a basic change in thinking on three-way relations between Seoul, Moscow and Pyongyang, in which close consideration was given to the Soviet Union's relationship with North Korea, its strong ally and the South's adversary.

The surprising speed of rapprochement results from the realistic need for both sides to go beyond ideology and to depart from the old concept of relations based on confrontation and the status quo between East and West, the observers say.

Seoul has been actively seeking improved relations with socialist nations, especially with the communist giants, the Soviet Union and China, in a bid to reduce tension and ensure peace on the Korean peninsula by creating a positive atmosphere for inter-Korean ties and thus advancing reunification. The Soviets also feel it is necessary to promote ties with South Korea from both political and economic points of view, the observers say.

They wish to increase economic exchanges with South Korea as part of efforts to revive their ailing economy while seeking to create a more stable situation in one of the most conflict-ridden areas in the world, from a global strategic point of view, the observers say.

A convergence of interests on both sides is propelling them fast toward political ties, although Moscow has so far adopted a step-by-step approach mainly aimed at promoting non-political exchanges, they say.

Two-way trade amounted to 600 million U.S. dollars in 1989 and will climb to 1.2 billion dollars this year and 5 billion dollars in 1992, according to an unofficial forecast.

Seoul-Moscow relations have entered into a new stage with Kim's visit, which he said was an opportunity for all to confirm that cold-war confrontation is no longer present on the Korean peninsula.

Kim, a lifelong oppositionist who became a government party leader in a merger of his party with the ruling and another opposition party last month, has confirmed that he met with Gorbachev, an almost unprecedented gesture of hospitality for a politician from a country with which Moscow has no diplomatic ties.

Kim quoted Gorbachev as saying during their meeting that there were no obstacles to ambassador-level diplomatic ties between Seoul and Moscow and suggesting that the two sides promote normalization "vigorously."

The remarks may augur well for both sides, heralding a new era in bilateral relations that not long ago were antagonistic, the observers say.

Editorial Views Results of Visit

SK2903094490 Seoul CHUNGANG ILBO in Korean 27 Mar 90 p 2

[Editorial: "Diplomatic Result of the ROK Delegation's Visit to the Soviet Union"]

[Text] The visit to the Soviet Union of the ROK delegation led by Kim Yong-sam, a co-leader of the Democratic Liberal Party, can be highly evaluated, as the visit provided an opportunity for us to convey to high-ranking Soviet leaders and Soviet academic circles the purpose and will of the ROK's northern policy. The visit was also an opportunity for us to confirm not only the Soviet Union's real intention in establishing relations with the ROK, but also particularly the fact that Soviet leaders were conscious of their relations with North Korea to a much greater degree than we thought. We believe that such results can set a precedent in maintaining relations between the ROK and the Soviet Union in the future.

Diplomatic negotiations between countries for the establishment of bilateral diplomatic relations should proceed from an understanding not only of the topics on which they agree, but also the topics on which they differ. By doing so, obstacles lying on the path of negotiations can be eliminated or adjusted in advance.

The visit to the Soviet Union by Kim Yong-sam and his entourage this time was an opportunity for high-ranking leaders of the two countries to confirm the position of the opposite side and to deepen intimacy with each other. This fact may be, therefore, more valuable than the diplomatic rhetoric that "an agreement was reached in principle" in the establishment of diplomatic missions, because ROK-Soviet relations have now entered just an initial stage and, accordingly, at the present stage, deepening a firm foundation for establishing diplomatic relations is more important than obtaining any tangible or formal results.

In this regard, we have to say that the alleged discords and bickering within the ROK delegation in the course of its activities in Moscow were a big diplomtic mistake which should not be repeated. The evident cases of such alleged diplomatic mistakes were that the meeting between Kim Yong-sam and Gorbachev which both sides had reportedly agreed not to make public were leaked by the ROK side and that President No Tae-u's personal letter to President Gorbachev was not delivered by Kim Yong-sam when he met the president, but was delivered by Minister Pak Chol-on via a third person.

How such things happened is not clear. However, we have the strong impression that such happenings were a result of competition stemming from a desire to keep an eye on political popularity at home.

What we cannot help but say here is that when members of a government delegation start showing off their activities in the visiting country or behaving like they are politicking at home in the course of negotiations for the establishment of diplomatic relations with foreign countries, let alone with the Soviet Union, this will result in revealing their vulnerabilities to the opposite side and, consequently, in having the opposite side take advantage of these vulnerable points.

Is it really important to meet Gorbachev? Is it really a way of strengthening the political position and image of politicians to deliver the president's personal letter to President Gorbachev? If our politicians take part in negotiations with the Soviet Union, the final stage of our northern policy, with such an attitude, we cannot but brand this as behavior which does not know even the basic diplomatic principles.

Our efforts to deepen the foundation for improving ROK-Soviet relations, which have entered only their initial stage, are to lead the Soviet Union to evaluate to the maximum our ability and potential. In this sense, the activity of the ROK delegation can be evaluated as very unsatisfactory.

At any rate, we highly evaluate the contributions that the ROK delegation made to expediting the establishment of diplomatic relations with the Soviet Union, and, at the same time, we also urge the authorities concerned not to repeat in the future the aforementioned diplomatic mistakes.

TIMES Editorial Views Visit

SK2803081690 Seoul THE KOREA TIMES in English 28 Mar 90 p 6

[Editorial: "Outcome of Kim's Moscow Visit"]

[Text] The result of a week-long visit to Moscow by Kim Yong-sam, co-leader of the ruling Democratic Liberal Party and his entourage is summarized in a joint communique by Kim and Vladlen Martynov, director of the Soviet Institute for World Economy and International Relations (IMEMO). And the five-point communique released at the end of Kim's visit to the Soviet Union is rated as a quasi-government document in terms of its signers' weight and capacity in their respective states.

Of the greater significance is Kim's reported meeting with Soviet leader Mikhail Gorbachev at the Kremlin, in which they are believed to have discussed higher-dimensional topics of political and economic cooperation between the two countries. Though the detailed content of their 50-minute talks has yet to be disclosed, the tete-a-tete meeting itself is an encouraging sign for Seoul-Moscow rapprochement.

Surely, the joint communique and Kim-Gorbachev talks have marked a turning-point for further Korea-Soviet relations toward a full diplomatic normalizaiton. A Korean diplomat endorsed the establishment of a formal diplomatic relation between Seoul and Moscow as being a forgone conclusion and with the question now being timing.

This favorable development has been bolstered by the reports that the two countries have agreed in principle to open permanent missions in each other's capital cities, probably before this September. The prospective permanent missions are to serve for the intermediatory stage with ambassadorial-level officials as mission chief with the equivalent of diplomatic power.

The reported accord on the permanent missions has been achieved as a result of the Soviet side's concession, withdrawing its initial proposal for the elevation of the present consular level to consulate-general offices. The Korean government has reasonably maintained that the Soviet measure is meaningless under the present circumstances that the present consular department in each country is already performing similar functions as a consulate-general.

In a related development, the Korean delegation delivered a personal message from President No Tae-u to Soviet President Gorbachev through a responsible Soviet government official. And it is highly probable that the Soviet leader will give a definite answer to No's letter before the departure of the Korean delegation.

The speculation is that President No may have asked his Soviet counterpart for a summit either in Seoul or Moscow, with the possibility of No's visit to Moscow coming sometime before the end of this year in a crucial attempt to wrap up the bilateral negotiations on a full diplomatic relationship.

However, there are cautious views, precluding the setup of the bilateral normalization within the year, and pointing to numerous problems to be addressed beforehand, mainly involving the Soviet requests for economic collaboration. Outstanding issues are the conclusion of treaties on guarantees for Korean investments in the Soviet Union, and in Siberian development projects in particular and the avoidance of double taxation.

These knotty problems are closely related with the political or diplomatic relationships between the two countries, requiring government-to-government agreements and related establishment of ambassadorial missions. This is an important step to facilitate governmental transactions and encourage private enterprises to undertake ventures with Soviet or multi-national counterparts especially in the hazardous or risky projects.

The main stumbling block in the way of Seoul-Moscow rapprochement is the North Korean regime in Pyongyang, with which the Soviet Union is bound by a mutual defense treaty and a traditional friendship. Apparently with this in mind, the Kim-Martynov communique noted that the Seoul-Moscow relations should not act against the interests of third countries but rather must be conducive to promoting talks between South and North Korea, in particular.

This is indeed an appropriate statement, considering that the Seoul-Moscow amity must not hamper inter-Korean dialogue and other efforts for easing tension and promoting mutual cooperation. But the Soviet Union needs to take more positive measures to induce the closed society in the North to join the ride on the wagon of its perestroyka.

Official Urges 'Maximum Caution' in USSR Ties

SK2903010890 Seoul THE KOREA HERALD in English 29 Mar 90 p 2

[Text] Foreign Ministry officials expressed concern yesterday about an "overheated atmosphere" with regard to the prospects for normalizing relations with the Soviet Union.

"We should exercise maximum caution and fully consider various factors when dealing with such a big and experienced country as the Soviet Union," an official said. He also expressed regret that Korean businesses are not displaying the spirit of teamwork in trying to make inroads into the Chinese market.

"Establishing diplomatic relations with the Soviet Union and China is one of the most pressing diplomatic tasks," the official said, "but the atmosphere seems to be overly heated."

Seoul Seeks Sister City Ties With Moscow

SK2903010490 Seoul THE KOREA HERALD in English 29 Mar 90 p 3

[Text] Seoul City is seeking to establish sisterhood ties with Moscow City in the first half of next year, officials said yesterday. An official who wanted anonymity said the city government decided to do so because it believed the relationship could prompt nongovernmental relations between the two countries.

"I am not sure when the relationship will be inked, but I think a co-leader of the ruling Democratic Liberal Party (DLP), Kim Yong-sam will explain to Seoul Mayor Ko Kun the details when he returns home from his visit to Moscow tomorrow," he said. He said Kim visited Seoul City Hall before he left for the Soviet Union to sound out the possibility of becoming a "sister" city of Moscow.

Kim was quoted as saying that he received a positive response from Moscow City authorities about the plan. If the plan is implemented as expected, the official said, Seoul City will promote cultural and sports exchanges with Moscow. Seoul City has sisterhood relations with eight foreign cities, including Tokyo and Jakarta.

Seoul is also seeking sisterhood relations with Beijing.

Lawmaker Briefs U.S. on Seoul-Moscow Ties

SK2903071090 Seoul YONHAP in English 0652 GMT 29 Mar 90

[Text] Washington, March 28 (OANA-YONHAP)—South Korean lawmaker Chong Chae-mun briefed Karl Jackson, U.S. President George Bush's assistant for national security affairs, Wednesday [28 Mar] on Korean leader Kim Yong-sam's talks with Soviet leaders.

Chong, a member of Kim's delegation on the March 19-27 trip to Moscow, explained the contents of discussions on Korea-Soviet diplomatic ties and economic cooperation, according to a Korean source here.

Before heading home Friday, Chong will call on Assistant Secretary of State for East Asia and Pacific Affairs Richard Solomon and brief him on the trip.

After Ties With USSR, Sights Set on China

SK2903012290 Seoul THE KOREA HERALD in English 29 Mar 90 p 2

[News analysis by correspondent Yi Song-yol: "Korea, USSR Marking Time Before Establishing Full Ties"]

[Text] Tokyo—Kim Yong-sam's second Soviet visit March 20-27 has provided important momentum for normalizing relations between Seoul and Moscow, which could be established by early next year, amid speedy improvement of bilateral ties. Even though their focus is a little different, both sides have confirmed they feel the need and are truly willing to normalize their ties for mutual benefit.

Now it seems to be only a matter of time before the two countries establish full diplomatic relations.

This was symbolically shown by a brief but surprising meeting in the Kremlin between Soviet President Mikhail Gorbachev and Kim, a co-leader of the ruling DLP [Democratic Liberal Party], Wednesday evening.

During Kim's Moscow visit, the Soviet leaders, however, didn't seem to give any concrete and explicit promises on the timing of normalized relations with Seoul.

That may involve in part the Kremlin's strategic stance in dealing with the matter, but what is certain is that the Soviet side offered to upgrade the bilateral diplomatic missions to permanent mission status by this summer.

Another surprising fact indicating the Kremlin's positive stance on normalized bilateral ties is that the Communist Party has virtually agreed to have exchanges with Korea's governing DLP, which is, if anything, conservative.

Kim's meeting with Gorbachev and Aleksader Yakovlev, one of the Soviet president's chief aides, could be construed as an occasion to establish an official dialogue channel between Seoul and Moscow.

In pushing perestroyka, Moscow shows deep interest in the Korean model of economic development and democratization and seems to have decided that improving, and eventually normalizing, relations with south Korea would help its economic reforms and expand its role as a peacemaker in Northeast Asia.

The Kremlin, which wants Korean technology, industrial know-how and money, seems to know normalized relations with Seoul would be essential to encourage Koreans, who are also actively pushing nordpolitik, to accelerate investments in the USSR and participate in development projects in Siberia and the Soviet Far East. Last year, the bilateral trade volume amounted to over $600 million.

Also aware Seoul is bent on its nordpolitik as part of efforts to ease tension and achieve Korean reunification, Moscow wants to make the most of the momentum to establish itself as a peacemaker in Northeast Asia.

In this connection, a DLP delegate says Moscow is considering Seoul's suggestion for unilateral entry to the United Nations, even though the Kremlin has not yet given a clear response.

A Soviet abstention at the United Nations on Seoul's entry would made admission more possible, he said.

But ranking Soviet official the DLP delegate met last week said that within the Kremlin hierarchy some stress the need to normalize relations with Seoul while others insist on maintaining close ties with Pyongyang.

But without normalized diplomatic relations with Seoul, Moscow cannot meet south Korea's call for removing some obstacles for its firms to invest in or launch joint ventures in the Soviet Union.

Soviet leaders are aware that unless they remove the obstacles, they cannot ask for Korean investment, and that eliminating obstacles without diplomatic relations with Seoul would be quite difficult.

During Kim's visit, the two sides also agreed on cultural exchanges and exchanges of students and teachers, heralding a Soviet boom in Seoul.

Now Seoul is interested in the possibility of President No Tae-u visiting Moscow, which will result in or result from full diplomatic ties.

When that is achieved, Seoul will have succeeded in the major part of its nordpolitik and will set its sights on China.

Official on Gorbachev Seoul Visit in Early 1992

SK2803141290 Seoul YONHAP in English 1319 GMT 28 Mar 90

[Text] Seoul, March 28 (YONHAP)—The South Korean Government is examining the possibility of having summit meetings between President No Tae-u and Soviet leader Mikhail Gorbachev between the end of this year and the early half of next year under an assumed premise that its effort to normalize relations between Seoul and Moscow materializes by the end of this year, a diplomatic source here said Wednesday.

South Korea plans to upgrade the mutual diplomatic ties from the current consular department level to permanent mission level by this fall and open full diplomatic ties within this year.

The source, who declined to be identified, said Seoul will push for the exchange of visits between the two top leaders to each other's capital late this year and in the first half of next year, separately if the establishment of formal diplomatic relations is realized.

South Korean Foreign Minister Choe Ho-chung is considering a Soviet trip in the first half of this year for talks with his Soviet counterpart Eduard Shevardnadze to discuss completion of bilateral ties, which would pave the way for the exchange visits by the top leaders, he said.

"The government will consider it fully if the Soviet side proposes officially to upgrade the consular departments to permanent missions as an interim step to full diplomatic ties," the source said.

But he said "Both sides should agree that the opening of permanent missions is a step just prior to formal diplomatic ties because Seoul's objective is to set up ambassador-level ties at an early date without interim stage."

The source said the government has in mind some pre-conditions for the exchange of permanent missions. The permanent mission should be represented by an ambassador-level envoy and be empowered with the right to sign contracts and negotiate diplomatic affairs, he explained.

"An agreement on a condition that the permanent mission will be upgraded to ambassador-level ties at an early date should precede the exchange of the permanent missions," he said.

Elaborating on the possible exchange visits by leaders, the source said, "The government is considering various ways and a summit meeting in a third place could be under consideration.

"But at present, Seoul is pushing ahead with a plan in which President No will make a visit to Moscow immediately after the establishment of diplomatic ties late this year and President Gorbachev will visit Seoul around the time when he makes a trip to Japan in the first half of next year," he added.

It is known that assistant Foreign Minister for Economic Affairs Yi Ki-chu has visited Moscow recently to contact with a high-ranking entourage of Kim Yong-sam, a co-leader of the government party, who has just wound up a week-long Soviet visit, on the plan.

Yi, now visiting Mongolia, has delivered to the entourage the government message asking him to sound out the response of the Soviet side to the Seoul plan.

Soviet Business Group Announces Talks for May

SK2803070290 Seoul YONHAP in English 0536 GMT 28 Mar 90

[Text] Seoul, March 28 (YONHAP)—South Korea and the Soviet Union will open official negotiations on accords on investment protection and avoidance of double taxation in May, a top Soviet businessman said Wednesday.

The two countries, which have recently been moving fast toward establishing diplomatic ties, are also expected to open direct communications such as telephone and facsimile services, which are essential to promoting economic exchange and cooperation, in April, said Vladimir Golanov, first vice president of the Soviet Chamber of Commerce and Industry.

In a news conference winding up a weeklong visit to Seoul, Golanov said, "I know that officials from the two governments have many times discussed agreements on the avoidance of double taxation and investment protection. I expect the two sides to open official government-level talks on such matters around May."

Golanov, who is also co-chairman for the Soviet side of the Soviet-Korean Economic Cooperation Council, said he expects bilateral economic cooperation to grow from trade, which has so far been given top priority, into technology cooperation.

The potential for cooperation is enormous if the Soviet Union's basic scientific technology, especially technologies accumulated in the arms industry and regarded as the best in their class in the world, can be connected with Korea's manufacturing technology, he said.

Golanov was here to attend the second meeting of the bilateral cooperation councils at the head of a 20-member Soviet delegation, which left the country just after the news conference.

Chong Chu-yong, the Korean-side co-chairman of the council, said discussions begun in the meeting on joint projects between businesses from both countries will continue.

The founder of the Hyundai Group, Korea's largest conglomerate, also said two-way trade between Korea and the Soviet Union will reach 1.2 billion U.S. dollars this year, and will climb to 5 billion dollars in 1992.

In the meeting of the council, the Soviets presented a list of 69 proposed items or projects for trade and joint ventures, Korean officials said. Suggested joint ventures encompassed such fields as textiles, footwear, food processing, pharmaceuticals and plastic items, the officials said.

Seoul-Moscow Economic Cooperation Analyzed

SK2903081390 Seoul YONHAP in English 07438 GMT 29 Mar 90

["News analysis" by Kim Tae-sik]

[Text] Seoul, March 29 (YONHAP)—The week-long stay in South Korea of a group of Soviet businessmen, who attended a meeting of the bilateral economic cooperation council and held negotiations with Korean companies, laid the ground for full-fledged economic exchanges between the two countries and created an atmosphere favorable for an early normalization of relations between Seoul and Moscow.

In the council meeting, the second since its establishment early last year, the Soviet side showed positive response to South Korean businessmen's call for the conclusion of official accords on mutual investment guarantee and avoidance of double taxation between the two countries.

Vladimir Golanov, first vice president of the Soviet Chamber of Commerce and Industry and head of the 20-member Soviet delegation, said he expected the two governments to start official-level talks on such vital economic pacts in May.

Moscow and Seoul will open direct telephone and facsimile lines next month, Golanov said in a joint news conference with Chong Chu-yong, founder of the Hyundai Business Group and Korean-side chairman of the council. Wednesday's [28 Mar] news conference was the last official activity of the Soviet delegation.

Chong confirmed the opening of direct communications with the Soviet Union, which currently has direct lines to only four western countries. Korean businessmen in the Soviet Union have been complaining about the difficulties stemming from the use of indirect lines via Japan.

Economic analysts say an investment guarantee and avoidance of double taxation pact are indispensable for the acceleration of bilateral economic and trade exchanges.

In addition, they place significance on government-level negotiations for the accords because formal diplomatic relations are normally regarded as a must to conclude such agreements.

The two nations are pushing toward full diplomatic relations.

The other notable fruit of the Seoul conference, as Chong noted, was negotiations on individual investment in the Soviet Union and on bilateral trade.

Chong said the size of investment in the Soviet Union will not be revealed until the industries concerned submit applications to the government for permission to carry out the projects.

The meeting was held in an amicable atmosphere as it was timed to coincide with the visit to Moscow by a high-powered team led by Kim Yong-sam, a co-leader of the ruling Democratic Liberal Party, and business leaders of the two sides had positive attitudes.

The Soviet and Korean businessmen discussed more than 100 deals ranging from sundries such as soap, stockings and kitchenware to electronics and ships.

During the conference, the Soviet delegates presented a list of 69 items or projects for trade and joint ventures. The suggested joint ventures encompassed such fields as textiles, footwear, food processing, pharmaceuticals and plastic items.

Chong said discussions begun in the meeting on joint projects between businesses of the two countries would continue.

Two-way trade between Korea and the Soviet Union will reach 1.2 billion U.S. dollars this year, a twofold rise from 600 million dollars last year, and will climb to five billion dollars in 1992, Chong said.

Other topics covered in the Seoul conference were the convertibility of the Soviet ruble, expansion of cooperation between banks in the two countries, scientific cooperation and business negotiations for bilateral trade and joint ventures.

Although there were no concrete agreements on scientific and technological cooperation, it was decided to hold a seminar in Seoul. This should drastically boost cooperation.

A number of Soviet business representatives, scientists and technicians will take part in the seminar, to be held in the latter half of this year.

Thomas Alibegov, vice chairman of the Soviet Bank for Foreign Economic Affairs, said his bank has signed correspondence agreements with eight Korean banks and agreed to open official relations with the Export-Import Bank of Korea.

The agreements between the Soviet and Korean banks will help facilitate bilateral trade.

As Golanov pointed out, the potential for further cooperation is enormous if the Soviet Union's basic scientific technology, especially its technologies in the arms industry, can be tied up with Korea's manufacturing know-how and there is good possibility for joint inroads into third countries by combining sophisticated Soviet technology with Korea's manufacturing skills.

However, business sources point out that there still are many problems to be solved before bilateral economic cooperation can take place in earnest. For instance, various economic systems and practices of the communist country require a lot of time to adapt to for businesses in capitalist countries. The problem of the nonconvertibility of the Soviet currency is depressing Korean investment in the Soviet Union.

Both the government and business should make a thorough study and take a more cautious attitude in expanding economic cooperation with the communist country, they said.

It is obvious, nevertheless, that economic cooperation between the two countries has entered the stage of joint ventures and of technological cooperation and gone beyond the level of simply expanding trading.

U.S. Asked to Intercede With USSR on DPRK

SK2903090690 Seoul YONHAP in English 0810 GMT 29 Mar 90

[Text] Seoul, March 29 (YONHAP)—South Korea, on the eve of talks between the Soviet and U.S. Foreign Ministers, has asked the United States for help in reducing tension on the Korean peninsula and entering the United Nations, a Foreign Ministry official said Thursday [29 March].

The Korean Government asked the United States to use the April 4 meeting between U.S. Secretary of State James Baker and Soviet Foreign Minister Eduard Shevardnadze in Washington to explain Seoul's position, the official said.

He hinted that Seoul may ask Moscow through Baker to use its influence with North Korea to lower tension on the Korean peninsula. He said the South has taken tension reducing steps, including a partial pullout of U.S. troops from Korea, but that the North has yet to respond with any comparable measures.

The government expects its position on the Korean problems to be conveyed to the Soviet Union at the foreign ministers' talks and expects a positive response from the communist giant since Moscow and Seoul are rapidly fostering an atmosphere for improved ties, he said.

Seoul also told Washington that a rapid U.S. move to improve ties with Pyongyang for easing tensions on the peninsula was undesirable because the North has not renounced its goal of communizing the South.

The United States has said it would consider improving ties only when Pyongyang shows a positive response to inter-Korean dialogue, renounces terrorism and allows International Atomic Energy Agency officials to scrutinize nuclear plants in North Korea. U.S.-North Korea talks on improving relations were suspended after their seventh meeting in Beijing on Jan. 18.

Official Says U.S. Troop Cut 'Unilateral'

SK2903063290 Seoul YONHAP in English 0553 GMT 29 Mar 90

[Text] Seoul, March 28 (YONHAP)—The United States, despite its repeated pledges to the contrary, unilaterally decided in January to close three air bases in South Korea and make a partial troop reduction without consulting Seoul, a Defense Ministry official said Thursday [29 March].

He charged that after Seoul was informed of the unilateral decision a statement was deliberately concocted and issued by both sides simultaneously to cover up the U.S. action.

The Jan. 29 announcement said that "after close consultations" the two sides had "agreed" to close the U.S. Air Bases in Suwon, Taegu and Kwangju between this October and July 1992 and move all the forces stationed at the three bases to Osan and Kunsan Air Bases, except for 2,000 non-combatants who would leave Korea.

Fabrication of the announcement surfaced in a memorandum made at a working-level meeting of defense officials from the two nations Feb. 14, just before defense Minister Yi Sang-hun had talks with his U.S. counterpart, Richard Cheney, in Seoul, said the official, who declined to be named.

Cheney was here for the Korea-U.S. defense ministers' meeting, in which it was agreed in principle to gradually reduce the U.S. presence from its current 43,000 troops and increase Seoul's share of the cost of stationing U.S. Forces in Korea.

According to the memorandum, the United States apologized to Korea at the working-level meeting for making the decision without consulting Korean officials, the official said.

The U.S. officials, led by Karl Ford, deputy assistant secretary of defense for East Asia and Pacific Affairs, asked for Korea's understanding of the unilateral decision and said it had been taken by the National Security Council (NSC) because of domestic pressure to cut U.S. Forces in Korea, the official said.

The Korean officials, led by Kwon Yong-hae, head of the Defense Ministry's planning and management office, lodged a protest against the total lack of consultation and criticized Washington for deciding alone to make the troop withdrawal, which the Korean side said was a very important issue in respect to maintaining the combined defense capability of the two allies, according to the memorandum.

The Korean side also warned the United States that the practice of making decisions in a vacuum could have a negative impact on South Korea's efforts to increase defense burden-sharing, which Washington had strongly requested, the official said, citing the memorandum.

The Korean officials expressed deep dissatisfaction when the U.S. officials announced they had decided to cut an additional 5,000 forces in three or four years, putting the total troop cutback at 7,000, the official said.

The two countries usually say when they announce a decision concerning security matters between the two allies that they reached the decision after "sufficient and close consultation," though that now appears to be untrue.

Editorial Says Rimpacex Not Against Soviets

SK2903020090 Seoul THE KOREA TIMES in English 29 Mar 90 p 6

[Editorial: "Participation in 'Rimpacex-90'"]

[Text] The participation by Korean naval vessels in the Rim of the Pacific Exercise '90 (Rimpacex '90) is regarded as one step forward toward the day when Koreans play their due role in safeguarding important sea lanes, and contributing to promoting the national interest, political and economic.

It will be a chance for Korean naval forces to learn how to efficently operate together with their counterparts from other countries and to strengthen capability to deal with threats on vast waters.

Two ROK naval ships, with 340 sailors on board, will join 50 vessels and about 50,000 seamen from the United States, Canada, Australia and Japan in the multinational training exercise from April 2 through May 21 in the Pacific.

Some people are critical about sending sailors to the biannual exercise, which they see aimed at the Soviet Union as a potential adversary, at a time when Seoul and Moscow are moving fast to establish formal diplomatic ties and step up economic exchanges. They are also concerned with the reaction from Pyongyang which [illegible] vehemently against training military exercises by South Korea.

Korea's joining could also be misunderstood as a prelude to forming a triangular military alliance between the United States, Japan and Korea.

But from the national security point of view, the participation in the sea maneuvers is seen to be of great significance as it will, first of all, help Korea increase deterrence and build up its ability to respond to potential threats in an effective coordination with friendly powers in the Pacific region.

South Korea, surrounded by waters on three sides, still faces threats from the North which is capable of initiating a naval warfare. The threat requires Seoul to maximize its defensive capability and be ready to deal with unexpected adventure at the sea as well as on the ground.

The sea maneuvers can also be justified by the ever-increasing need to protect sea lanes. More than 99 percent of merchandise and commodities exported to and imported from Korea are transported via sea routes. Korea needs about 575,000 barrels of crude oil a day and all the oil is coming through the sea lanes.

Nevertheless, Korea has no other choice but to depend on the United States for the protection of the sea routes. Seoul is not yet pressed by the United States to share the burden for sea route protection, but Washington has been strongly calling on Tokyo to assume a greater role in patrolling the sea lanes in the Asian and Pacific region.

The combined military exercise will be sufficient to generate concern by the Soviet Union, which wants to stop or impede any anti-Soviet coalition or arrangements in the Pacific and Northeast Asia. Moscow desires to become a part of the Pacific basin's economies in the 21st century, the so-called "Pacific century," trying to drive a wedge between the United States and its friends.

The improving Seoul-Moscow relations are unlikely to be affected by the exercise. The ties of the two countries are being prompted by their economic needs, rather than political causes.

The Kremlin has kept strong military forces and modern arsenal, including nuclear weapons, in the Far Eastern area without any reduction since the late 1970s.

Korea, like other participants in the Rimpacex, is not seeking to build up an anti-Soviet bloc in the Pacific. The mode of the exercise is defensive and the simple aim is tactical improvement, although the maneuver takes place a bit far from the Republic's shorelines.

Ties With Romania To Be Established 30 Mar

SK2903013290 Seoul THE KOREA TIMES in English 29 Mar 90 p 1

[Text] Korea will enter into ambassadorial-level diplomatic relations with Romania tomorrow, following its full diplomatic ties with Namibia today, a high-ranking Foreign Ministry official said yesterday. Top officials of Korea and Romania ironed out differences in negotiations on the establishment of diplomatic ties between the two countries in a session yesterday evening.

Romanian Deputy Foreign Minister Mircea Mitran and his counterpart Yi Chong-pin, head of a Korean delegation to the talks, decided to set up the ties during Mitran's stay in Seoul, officials present at the session said.

The signing will take place tomorrow as today is reserved for Seoul's normalization of links with Namibia, a southwestern African country that declared independence last Wednesday, in a ceremony in Windhoek, they said.

Mitran, the third man at the Romanian Foreign Ministry hierarchy, arrived in Seoul yesterday afternoon, leading a five-member mission. He will stay here till Monday to put the finishing touch on the discussion on the diplomatic relations.

The two countries have talked about the matters at their United Nations missions since the fall of Nicolae Ceausescu, according to Foreign Ministry officials. Last month, the Romanian parliament adopted a resolution to dispatch the mission to Korea which Foreign Minister Choe Ho-chung instantly welcomed.

"We have already reached an identical view that diplomatic ties are inevitable for further improvement of bilateral relations. There remains no problem in opening the ties immediately. The signing will be possible on Friday," the senior ministry official said.

Mitran said in a telephone interview that he hopes that the two countries enter into full diplomatic ties during his stay in Seoul though he is not sure exactly when to sign the bilateral protocol.

Koreans have said that the establishment of diplomatic ties would directly lead to the expansion of economic and trade cooperation between the two countries though it is hard to guarantee hard-currency support. Two-way trade volume reached $19 million last year in Romania's favor.

Court Upholds North Korean Agent's Conviction

SK2703115790 Seoul YONHAP in English 0945 GMT 27 Mar 90

[Text] Seoul, March 27 (YONHAP)—The Supreme Court upheld the death sentence Tuesday against Kim Hyon-hui, the North Korean agent convicted of bombing a Korean Air jetliner in 1987 and killing all 115 people aboard. The ruling rejected the 28-year-old female saboteur's appeal and confirmed the sentence of capital punishment handed down by lower and appeals courts, ending the judicial procedures.

The prosecution will reportedly petition President No Tae-u to give her a special pardon, a measure expected since the trial opened a year ago because of her repentance. Kim was charged with six counts of violating the National Security Law, the Aviation Law and the Civil Aviation Safety Law.

Unlike other criminals, Kim is in the custody of the Agency for National Security Planning, the Korean Intelligence Agency.

The bench said Kim was one of the two main culprits since she had discussed ways to approach and destroy KAL Flight 858 with Kim Sung-il, a North Korean agent who committed suicide upon arrest, and had been trained to arm the bomb herself. The bench also said the lower courts' ruling were correct that the crime cannot be regarded as "forced" since Kim admitted she was proud of having been selected as an agent.

While on trial, Kim confessed that she had planted a time bomb on the Korean Air Boeing 707 under orders from North Korean leaders.

"The sentencing cannot be seen as too heavy given that Kim played a practical role in the destruction of a civil airliner carrying passengers and crew, an extremely immoral crime by North Korea with the political objective to liberate the south and reunify Korea," it said.

After the ruling had been read, Kim's lawyer told reporters he had no intention of asking for a re-trial since Kim had freely admitted all the charges. Kim was not present for the last formality in procedures that have lasted 13 months.

The Korean Government plans to save her life on the grounds that she was a low-grade agent and is deeply repentant. In addition, the government thinks that keeping her alive would serve the national interest because she is the only witness to the bombing. North Korea has never acknowledged that the crime was committed at the order of its leaders. The pardon will likely be given in the latter half of this year, after the justice minister recommends it.

Family members of victims watched in tears or disrupted the courtroom with shouts for execution and against a pardon.

The jetliner, bound for Seoul from the Middle East disappeared on Nov. 15, 1987, over the Andaman Sea off Myanmar [Burma] carrying mostly homeward-bound Korean construction workers.

Kim was brought to Seoul from Bahrain after she was arrested by local police.

Recently, Thai fishermen pulled pieces of the fuselage of the plane, carrying the emblem of the official airline of the 1988 Seoul Olympic Games, out of seas near Thai-Myanmar border.

Pyongyang Letter to Dissidents Rejected by South

SK2903073290 Seoul YONHAP in English 0711 GMT 29 Mar 90

[Text] Seoul, March 29 (YONHAP)—South Korea has rejected a North Korean letter addressed to a dissident group in the South, saying that accepting it would not be conducive to improving relations between the two Koreas.

Korean National Red Cross (KNRC) President Kim Sang-hyop told his North Korean counterpart Thursday [29 March] that the KNRC would not receive the letter from the Preparatory Committee for a Pan-National Conference.

The North had asked that the letter, addressed to the National Alliance of Democratic Movements (Chonminnyon), a dissident group, be picked up at the truce village of Panmunjom on Thursday.

Kim said he informed Yi Song-ho, acting president of the North Korean Red Cross, that the South would not receive the letter because, as it had made clear on April 24, 1989, the Red Cross could not accept a letter that might have an adverse effect on relations between the South and North.

Yi informed Kim by telephone Wednesday that it would send a letter to Panmunjom on Thursday.

DPRK 'Discontent' Over ROK-MPR Ties

SK2803140090 Seoul KYONGHYANG SINMUN in Korean 28 Mar 90 p 1

[YONHAP from Paris]

[Text] On 28 March, LE MONDE reported that North Korea appears to have expressed its discontent over Mongolia's establishment of diplomatic relations with Korea.

In an Ulaanbaatar-date-lined article, LE MONDE reported that Mongolia knows that its establishment of diplomatic relations with Korea is "harmful to North Korea" and that North Korea is discontented over this.

Lawmaker Hospitalized in Election Violence

SK2903043890 Seoul YONHAP in English 0318 GMT 29 Mar 90

[Text] Umsung, North Chungchong Province, March 29 (OANA-YONHAP)—An opposition lawmaker was being treated in hospital Thursday [29 March] for injuries allegedly inflicted by some 20 campaigners for the ruling party when a political debate degenerated into a slugfest during campaigning for a by-election in Chinchon and Umsung, North Chungchong Province, Wednesday night.

Five election campaigners for Ho Tak, the candidate of the nascent Democratic Party, including Rep. Pak Chanchong and Ho's eldest son, Ho Kwon, 34, were assaulted by campaigners from the Democratic Liberal Party (DLP), Ho's camp said. Pak sustained massive bruising that will require three weeks of hospital treatment and Ho's son is in stable condition with concussion, Ho's followers said.

About 20 villagers were in a community building listening to a debate on agricultural policy when two men rushed in and stopped the meeting with loud and abusive remarks, Pak said. Pak is here serving as campaign manager for candidate Ho.

He said they pointed at the stage and shouted, "Why are you campaigning for Ho? He is corrupt."

Fighting then broke out, Pak said. After being severly beaten, the five Democratic Party campaigners were shoved into cars and driven to a police station, where their assailants accused them of "illegal campaigning."

The torrent of abuse continued for about 40 minutes inside the police station while the two policemen on duty just watched, Pak charged, adding that he was denied access to a telephone and not allowed any outside contact.

Later, about 30 officials and members of the party protested in front of the police station demanding an investigation of the incident and punishment. The Democratic Party is in the process of being organized by former members of Kim Yong-sam's Reunification Democratic Party, which was dissolved in January after Kim joined the ruling Democratic Liberal Party (DLP).

Chong Ku-hun, who runs the DLP's election headquarters, has acknowledged that the incident took place but says the DLP campaigners were just trying to report a violation of the election law to the police. The violation, Chong said, was Pak's proposal that voters elect Ho for the sake of the farmers.

Impacts of Chong's Withdrawal on Politics Viewed

SK2703035490 Seoul THE KOREA HERALD in English 27 Mar 90 p 2

[News analysis by staff reporter Chong Pong-uk—"Chong's withdrawal sends shock waves through politics"]

[Text] The withdrawal of a candidacy in a Taegu parliamentary by-election made by former ruling party lawmaker Chong Ho-yong is sending shock waves through the political scene.

Strong voices against his move came yesterday from the opposition Party for Peace and Democracy [PPD], led by Kim Tae-chung, which is resolved to fight for nullification of the by-election because "President No Tae-u lured Chong to give up his candidacy."

Chong said his action followed his meeting with No Saturday evening, who reportedly advised him to withdraw his candidacy.

Chong, who was elected in the 1988 parliamentary elections in the same Taegu electoral district and resigned last December for his alleged role in the bloody crackdown on the Kwangju civil uprising in 1980, was running for the by-election as an independent candidate despite the strong opposition of the ruling Democratic Liberal Party (DLP) and President No.

Angered by Chong's move, the ruling party nominated Mun Hui-kap, who graduated from Kyongbuk High School, the same school attended by Chong, as its candidate in the election. Mun, a career government official, resigned as senior presidential secretary for economic affairs to run for the by-election. While naming Mun as its candidate, DLP, however, continued to persuade Chong to step down because it judged that chances are low for Mun to beat Chong.

Among those who have urged Chong to withdraw from the by-election are An Ung-mo, former deputy director of the Agency for National Security Planning and now home affairs minister; National Defense Minister Yi Sang-hun; and former minister of agriculture, forestry and fisheries Kim Sik, who was classmate of President No at the Korea Military Academy, same as Chong.

Even such elders in the Taegu society as former prime minister Sin Hyon-hwak, former deputy prime minister Kim Chong-song and Chong Su-chang, former president of the Korea Chamber of Commerce and Industry, were reportedly mobilized for persuading Chong. Earlier, Chong's wife had made an unsuccessful attempt for suicide.

Because of the meeting with President No in Seoul Chong did not appear at a joint stumping meeting in Taegu Saturday, the first one for the by-election. Besides Chong and Mun, two more candidates are running for the by-election. They are Paek Sung-hong of the Democratic Party, who was runner-up at the 1988 election, and Kim Hyon-kun, an independent. Angered by Chong's withdrawal, Paek and Kim once have declared a boycott of the election.

The opposition PPD even called for an extraordinary session of the National Assembly to deal with the issue. It is also resolved to launch a nationwide campaign against the mammoth ruling party for wielding "tyrannic" power.

The Taegu happening provided an important momentum for the PPD to intensify its offensive against the ruling party. It started the offensive in an extraordinary Assembly session which ended March 16, the first parliamentary meeting since the merger of the ruling Democratic Justice Party and the two minor opposition parties—the Reunification Democratic Party led by Kim Yong-sam and the New Democratic Republican Party led by Kim Chong-pil.

The political game between Chong and No will probably trigger demonstrations by radical students against the ruling camp and No mobilizing every means for withdrawing Chong's candidacy.

Was there an unavoidable situation forcing President No to meet Chong twice to persuade him to withdraw from his candidacy? No reportedly made his first meeting with Chong March 15.

Was there any reason for the authorities concerned, the tax office, to pressure Chong to stay away from the election as alleged by his campaigners?

Declaring his candidacy in the election, Chong has said his move is designed to restore his honor damaged by his forced resignation as lawmaker.

Did President No promise actions for restoring his honor when meeting Chong Saturday?

These are among some questions yet to be answered to clear mysteries involving the showdown between No and Chong.

Chong's candidacy and his withdrawal, at any rate, will have lasting impacts on the political scene in Korea, a political observer said. "The Chong withdrawal will deal a heavy blow on the ruling camp despite DLP's probable victory in the Taegu election," he added.

Police Increase Measures Against Air Terrorism

SK2903005890 Seoul THE KOREA TIMES in English 29 Mar 90 p 3—FOR OFFICIAL USE ONLY

[Text] As Korea briskly expands its civil, aviation links with the Communist countries on the strength of improved official relations, the national police has decided to step up its readiness to protect civilian aircraft flying over Communist regions from potential danger of terrorist attacks.

The National Police Headquarters decided to strengthen its works of collecting information on international terrorists and their activities with a view to preventing Korean planes flying over Communist territories from being the target of terrorist attacks.

Police will intensify passenger and baggage checks in international airports across the country and conduct special antiterrorist training for the aircraft crew to step up security posture inside the cabins, officials of the headquarters said.

A Korean Air Boeing 747 regular flight made a technical landing at Moscow's airport for the first time in Korea's civil aviation history Wednesday morning. KAL's regular flights bound for some West European destinations started to use the Soviet air space from March 25 under an aviation accord reached between the two countries.

A regular passenger service will also be opened between Seoul and Ulaanbaator of Mongolia soon.

Trade Deficit Increases as Exports Languish

SK2903081690 Seoul YONHAP in English 0634 GMT 29 Mar 90

[Text] Seoul, March 29 (OANA-YONHAP)—South Korea's trade deficit continues to grow as exports sink and imports soar, the Trade and Industry Ministry said Thursday [29 Mar].

As of Tuesday, Korea's bloated trade deficit had grown to over 2.4 billion U.S. dollars on exports of 12.513 billion dollars, off 0.8 percent from the same period last year, and imports of 14.916 billion dollars, up 12.8 percent, according to Ministry statistics.

The March deficit as of Tuesday was 1.13 billion dollars, with exports up 0.2 percent at 3.883 billion dollars and imports up 11 percent at 5.013 billion dollars, it said.

Letter-of-credit arrivals recorded an annual growth rate of 10.4 percent and a monthly growth rate of 10.5 percent, sharply highlighting the need for a long-term plan to strengthen the competitiveness of Korean goods by developing new items and improving quality instead of relying upon short-term price competitiveness through currency depreciation, the ministry said.

In particular, the reason the effect of the Korean won's depreciation has not appeared is the continuous devaluation of the Japanese yen, which dealt a sharp blow to the competitive power of Korean electronics and automobiles, many of which are in a tight race with their Japanese counterparts.

The won has lost 3.1 percent against the dollar so far this year and 1 percent this month.

Burma

Saw Maung Gives Warning to Foreign Media

OW2703111290 Tokyo KYODO in English 1025 GMT 27 Mar 90

[Text] Yangon [Rangoon], March 27 KYODO—Myanmar's [Burma] military ruler Saw Maung on Tuesday accased foreign media of giving false reports about human rights conditions in Myanmar. Saw Maung said foreign media accusations that the government has suppressed democratic demands within the country, intends to rig an upcoming general election, aims to liquidate minority insurgents and detains 6,000 political prisoners, are all totally false.

"I want to tell VOA, BBC, and All India Radio that they have no right to meddle in our internal affairs; what they had done in 1988 is out of date now in 1990," he said in a speech at the Armed Forces Day Parade. In the autumn of 1988, government troops crushed widespread prodemocracy demonstrations in a bloody suppression that lasted for several days. "I want to tell them not to interfere in our elections and development programs... not to try to disrupt the unity of the people and the Tatmadaw (armed forces) nor try to divide the Tatmadaw," Saw Maung said. "We are not a people who will bow their heads in the face of injustice; we are a dynamic and patriotic people. We will not tolerate any act of intimidation," he said.

In addition, Saw Maung termed as groundless a VOA accusation in a March 10 broadcast that drug trafficking in Myanmar has skyrocketed partly because of corruption among high-ranking Army officers. Saw Maung reiterated his promise that free and fair multiparty general elections will be held on May 27 in 486 constituencies and that the government will not tolerate any efforts to disrupt the poll.

Report on 45th Armed Forces Day Military Parade

BK2703035190

[Editorial Report] Rangoon Domestic Service in Burmese at 0002 GMT on 27 March carries a live broadcast from Rangoon's Resistance Park on the 45th Armed Forces Day military parade. The announcer first gives the five objectives of the 45th Armed Forces Day—for non-disintegration of the Union; for non-disintegration of national unity; for perpetuation of sovereignty; for eternal firmness and strength in unity and solidarity within the Defense Services; and for success in holding free and fair multiparty democratic general election. He then goes on to describe the beautiful scene of flowers in full bloom at the park. At 0006 GMT a military band led by Major Khin Maung Latt is heard marching into the park.

The officials present in front of the dais in the park are then announced. They include members of the State Law and Order Restoration Council, military leaders, members of the Cabinet, members of the election commission, the attorney general, the chief justice, the inspector general, foreign military attaches, journalists, veterans, and invited guests. At 0011 GMT it is announced that the special feature of today's program is the instant translation of the speech by the commander in chief of the Defense Services for foreign military attaches present at the parade.

At 0016 GMT, military columns composed of 3,308 members of the three branches of the Defense Services named after famous national heroes—Anawratha, Kyansitha, Bayinnaung, Aung Zeya, and Aung San—are heard singing martial songs as they march into the Resistance Park. At 0038 GMT the parade commander is heard shouting orders to the troops to take their positions on the parade ground. Continuing his commentary, the announcer, at 0043 GMT, recalls the history of Burma, mentioning important figures who fought against the British imperialists; the formation of the Burma Independence Army by the Thirty Comrades, including General Aung San; the resistance movement against the fascist Japanese in 1945; and important speeches made by General Aung San.

At 0048 GMT the motorcade of General Saw Maung, commander in chief of the Defense Services, arrives at the parade grounds. Senior General Saw Maung then receives the salute from and inspects the troops. At 0102 GMT, Senior General Saw Maung begins delivering his 45th Armed Forces Day speech by first describing the significance of the 45th Armed Forces Day. Saw Maung concludes his speech at 0232 GMT. Following the speech, the parade commander orders the troops to prepare to leave the parade grounds. At 0235 the troops begin leaving the parade grounds after saluting the commander in chief of the Defense Services. The live coverage ends at 0300 GMT after Senior General Saw Maung leaves the parade grounds in his motorcade.

Rangoon Reports Results of Military Operations

1989-90 Operations

BK2703112790 Rangoon Domestic Service in Burmese 1330 GMT 26 Mar 90

[Text] The Army, in coordination with the Air Force and in cooperation with the people, has been launching continuous offensives against the insurgents. Operation Thurein Tun was launched in the Northern Military Command, Operation Aung Hein Moe in the Northeast Military Command, Operation Kyaw Naing Soe in the Eastern Military Command, Operation Zwe Aung Lin in the Southeast Military Command, and Operation (Pyi Nyein Baw) in the Central Military Command.

As a result of these operations, there were (?1,926) clashes, including 138 major battles, between 21 March 1989 and 20 March 1990. A total of 445 soldiers from the Defense Forces laid down their lives for the country, while 1,991 others were wounded. Thanks to the people's enthusiastic and active cooperation and due to the courage of the Defense Forces personnel in battle, a total of 1,455 insurgents were killed and 521 others were captured.

Also seized were 2,983 assorted weapons—including five 82-mm mortars, one 81-mm mortar, one 75-mm [not further specified], one 57-mm [not further specified], eight 60-mm mortars, two 2.75 rocket mortars [preceding two words in English], four 0.5 heavy machine guns, 51 assorted launchers, one 2.5 mortar, 5,940 assorted shells for heavy weapons, 204 [words indistinct] shells, 433,127 rounds of assorted small arms ammunition, 697 magazines, 158 assorted gun barrels, 186 detonators, 6,943 assorted mines, 1,625 hand grenades, 953 slabs of explosives, 87 communications sets and assorted walkie talkies, one battery recharger, three television sets, one film projector, five video machines, three engines, five elephants, 40 horses and mules, 2,613 draft animals, 54.21 kilograms of heroin, 164.71 viss [one viss equals 1.6 kg] of raw opium, 8,882.35 viss of raw jade, 93.92 viss of polished jade, 875 viss of marijuana, one sawmill engine, 96,401 assorted logs, 384 tons of sawn timber, 17 different types of automobiles, three bulldozers, six motorcycles, 5,411 viss of lead, 200 baskets [one basket equals about one bushel] of rice, 1,110 baskets of paddy, seven motorized boats, and 555,491 kyat in currency.

During the campaign period, 712 insurgents surrendered with 189 assorted weapons. Meanwhile, the Navy has been patrolling Myanmar's [Burma's] territorial waters continuously in order to provide security. As a result, the Navy captured 95 fish poaching vessels, 105 smuggling vessels, and 1,917 fish poachers and smugglers between 21 March 1990 and 20 March 1990. The total value of the vessels and the equipment on board is 72.398 million kyat.

Eastern Command

BK2503151590 Rangoon Domestic Service in Burmese 1330 GMT 25 Mar 90

[Text] The Defense Forces, in cooperation with the people, launched Operation "Kyaw Naing Soe" against insurgents in areas in the jurisdiction of the Eastern Military Command. As a result, there were 13 large-scale battles and 530 minor engagements between 21 March 1989 and 20 March 1990.

Acting on information, a Defense Forces column on 2 June 1989 headed for (Nam Mit) village in Mogok region, Mong Kung Township. On arrival at the village, the troops clashed fiercely with about 300 SSURA [Shan State United Revolutionary Army] insurgents. Five of our soldiers were wounded in the battle. The column found 13 insurgent corpses and captured seven assorted weapons after the battle. On 12 June 1989, while a small Defense Forces column was on a sweeping campaign in Namhsan Township, it clashed with 100 troops of the 6479th Battalion of the insurgent KNLP [Kayah New Land Party] near (Nadu-on) village. One of our soldiers laid down his life for the country, while 14 enemy soldiers were killed. Also captured from the enemy were 14 assorted weapons.

Following information from the local nationals that about 230 men belonging to the KNPP [Karenni National Progressive Party] and about 80 men from the National Democratic Front are smuggling timber and draft animals in Hweponglaung and Mese-(Mesolan) regions, Kayah State, which in the jurisdiction of the Eastern Military Command, Defense Forces columns launched an offensive in the areas. The Mese camp was captured on 5 July 1989, and the Hweponglaung camp—which is the headquarters of the KNPP—was occupied on 9 July. There were a total of 21 engagements in this campaign. Six soldiers from the Defense Forces laid down their lives for the country, while 36 others were wounded. Twelve enemy corpses were found following the battles. Also captured from the enemy were 29 assorted weapons, one Toyota Hilux car, one Yamaha motorcycle, four elephants, four Datsun car engines, one Honda boat engine, four hand-held saws, one [word indistinct], 66 assorted gun barrels, four communication sets, nine assorted mines, 771 rounds of assorted ammunition, 300 viss [one viss equals 1.6 kg] of marijuana, and 61 assorted buildings.

Hence, between 21 March 1989 and 20 March 1990, a total of 294 enemy soldiers were killed, 100 were captured, and 210 others surrendered. Captured from the insurgents were a total of 472 assorted weapons, including one 82-mm mortar and one 60-mm mortar; 158 assorted gun barrels; 164 assorted shells for heavy weapons; 70,954 rounds of assorted small arms ammunition; 507 assorted magazines; 226 assorted mines; 186 detonators; 104 projectiles for heavy weapons; 45 assorted grenades; 10 communication sets; four walkie-talkies; 1,326 smuggled draft animals; four elephants; 30.78 viss of opium; 0.61 kg of heroin; 875 viss of marijuana; 1,135.35 viss of jade; 5,411 viss of lead; five engines; one Hilux car; one motorcycle; 200 baskets [one basket equals about one bushel] of rice; 1,110 baskets of paddy; 293,607 kyat in currency; and some documents.

Northeast Command

BK2503111990 Rangoon Domestic Service in Burmese 1330 GMT 24 Mar 90

[Text] The Defense Forces personnel, in cooperation with the people, launched Operation "Aung Hein Moe" against insurgents in areas in the jurisdiction of the Northeast Military Command. As a result, there were 10 major battles and 418 minor engagements between 21 March 1989 and 20 March 1990. Our Defense Forces columns launched offensives against the 4th Brigade headquarters of the insurgent KIA [Kachin Independence Army] and the headquarters of battalions under that brigade. As a result, the headquarters of the KIA 4th Brigade at Lwewein in Mong Hkawng region where about 300 insurgents were based and the 101st Battalion headquarters at Nam Sam Hu were overrun on 23 July

1989. Also, the 8th KIA Battalion camp where about 100 insurgents were based in Lwewein was also attacked. The base was captured on 27 July 1989. There were a total of 15 battles in the campaign for these insurgent bases. Two soldiers on our side laid down their lives for the country, while five others were wounded. Five KIA corpses were found. Captured were 14 assorted weapons, 216 rounds of assorted ammunition, 20 packages of TNT, and 400 buildings of all sorts.

Meanwhile, following information from the local nationals that the KIA insurgents in Mong Hkawng region, northern Shan State, which is the jurisdiction of the Northeast Military Command, were operating with two battalions off Hkapauk, where the 2d and the 9th Battalions under the command of the 4th Brigade were based, our Defense Force columns proceeded to the region and launched an attack on 30 January 1990. There were two clashes with the KIA insurgents, and three assaults were made on the enemy camps, which were eventually overrun. Nine enemy corpses were found on the battlefield. One member of the insurgent ABSDF [All Burma Students' Democratic Front] 401st Battalion and 43 dependents of the KIA insurgents were captured. Also seized were 85 assorted weapons, including three Browning machine guns; 2,063 rounds of assorted ammunition, including nine 60-mm shells and 25 57-mm shells; 55 assorted mines; and 100 Chinese hand grenades.

Overall, 176 insurgents were killed, 130 others were captured, and 134 others surrendered following major and minor clashes with the enemy in the jurisdiction of the Northeast Military Command between 21 March 1989 and 20 March 1990. Captured from the enemy were 306 assorted weapons, 199 rounds of ammunition for heavy weapons, 12,427 rounds of small arms ammunition, 235 magazines, 183 hand grenades, 94 assorted mines, three walkie-talkies, 49.98 kilograms of heroin, 54.53 viss [one viss equals 1.6 kg] of opium, 1,984.90 viss of jade, 61 tons of sawn teak, one television set, two video machines, one motorcycle, and 34 mules and horses.

Southeast Command

BK2703094790 Rangoon Domestic Service in Burmese 1330 GMT 26 Mar 90

[Excerpts] The Defense Forces, in cooperation with the people, launched Operation "Zwe Aung Lin" against insurgents in areas in the jurisdiction of the Southeast Military Command. As a result, there were 107 major battles and 1,335 minor engagements between 21 March 1989 and 20 March 1990. [passage omitted]

As a result of the offensives launched by our Defense Forces against KNU [Karen National Union] and NMSP [New Mon State Party] insurgents between 21 March 1989 and 20 March 1990, we captured the Mawpokay camp on 24 March 1989; the Me-la camp on 18 April 1989; [name indistinct] and Mawphado camps on 9 May 1989; the old Wan Kha camp and the (U Tu-ta) camp on 16 May 1989; the (Dabu) camp on 19 May 1989; the (Hoya-o) camp on 30 May 1989; the (Chikara) camp on 10 December 1989; the Phalu camp on 29 December 1989; the Thay Bawbo camp on 25 January 1990; the (Mong Mein) camp on 1 February 1990; the Three Pagodas Pass camp on 13 February 1990; and the Mawton camp on 5 March 1990. During the campaigns, a total of 743 enemy soldiers were killed, 123 were captured, and 129 others surrendered.

Also seized from the insurgents were 2,036 assorted weapons—including four 82-mm mortars, one 81-mm mortar, one 75-mm [not further specified], one 57-mm [not further specified], six 60-mm mortars, two 2.75 [not further specified] rocket mortars [preceding two words in English], four 0.5 [not further specified] machine guns, 51 assorted launchers, and one 2.5 [not further specified] mortar—5,551 shells for heavy weapons, 332,461 rounds of small arms ammunition, 6,054 assorted magazines, 6,434 assorted mines, 1,332 hand grenades, 64 assorted communications sets, 16 cars, three bulldozers, seven motorized boats, one motorcycle, (?544) draft animals, one television, five circular saws, one sawing machine, about 93.92 viss [one viss equals 1.6 kg] of polished jade, 96,301 assorted logs, 323 tons of sawn timber, eight digging machines, eight power generators, about 1,100 baskets of paddy, and 145,801 kyat in currency.

Brunei, Malaysia & Singapore

Malaysia

Minister on Monitoring Soviet Bloc Developments

BK2803140390 Kuala Lumpur Domestic Service in English 1330 GMT 28 Mar 89

[Text] Malaysia is closely monitoring developments in Eastern Europe, the Soviet Union, and other countries, which can have an effect on the power balance in Southeast Asia.

Deputy Foreign Minister Datuk Dr. Abdullah Fadzil Che Wan told the Senate today the plan to withdraw Soviet troops from Vietnam and this region and the proposal to reduce the U.S. presence by 10 percent augured well for this region. He said these developments signaled that the superpowers' race in this region had lessened. However, Malaysia will be on the alert against other powers which fill the vacuum created by the Soviet Union and the United States.

Datuk Dr. Abdullah said Malaysia should continue to strive to realize the objectives of ZOPFAN [Zone of Peace, Freedom, and Neutrality] to make Southeast Asia a peaceful and stable zone. Malaysia was also aware that stable economic and trade ties among Pacific nations would reflect well on regional security.

The Senate adjourned [word indistinct] today after sitting for eight days since the 19th of this month.

Economic Pact With Thailand Said at Hand

BK2503141890 Hong Kong AFP in English 1235 GMT 25 Mar 90

[Text] Kuala Lumpur, March 25 (AFP)—Malaysia and Thailand are set to sign a pact for joint development of oil, gas and other resources in an area of the Gulf of Thailand whose ownership is disputed by the two countries, Prime Minister Mahathir Mohamad said Sunday [25 March]. He said after a two-day visit to the Thai coastal resort town of Phatthaya for talks with Thai Premer Chatchai Chunhawan that Malaysian and Thai officials were able to iron out issues involving sovereignty and jurisdiction.

The issues forced the two leaders Saturday to postpone a plan to initial a pact for setting up a Joint Development Authority (JDA) to manage the development area east of the Malaysian town of Kota Bahru.

Dr. Mahathir told newsmen on his return here that the JDA agreement would be signed as soon as supporting changes to the Malaysian and Thai Constitutions are approved by the two countries' respective parliaments.

Malaysian officials said that the Thai parliament would meet in May while Malaysia's lower house is due to meet in June. The JDA will oversee operations in a 7,300 square kilometers (2,895 square miles) block of sea where Malaysian and Thai claims overlap.

Dr. Mahathir said he requested transit rights for Malaysian goods through Thailand to Laos while Mr. Chatchai asked for Malaysian investment in Bangkok's proposed Southern Seaboard Development Project. The prime minister said that Malaysian and Thai officials also agreed to retain a general border committee originally set up to fight communist insurgents operating along the Malaysian-Thai border in its present form.

Guerrillas of the outlawed Communist Party of Malaya signed an agreement with Malaysia and Thailand in December last year to give up their 41-year armed struggle.

Development Accord With Thailand Viewed

BK2703091690 Kuala Lumpur International Service in English 0800 GMT 27 Mar 90

[Station commentary]

[Text] At Phatthaya last weekend, Malaysia and Thailand came very close to signing the Joint Development Authority, JDA, agreement. However, it is good to note that both countries have reached consensus on joint oil and gas exploration in overlapping border areas. Now what is needed is approval by the parliaments of the respective governments. Therefore, it is only a question of time before the JDA accord is sealed.

Obviously, there will be minor problems, but nothing that will stand in the way of a successful agreement. A question of sovereignty needs to be resolved. Other factors also need to be considered. For example, whose laws will be applied in the overlapping areas? Given these issues, one can understand why the JDA accord has yet to be signed. What is important is that these issues need to be ironed out first.

It is only understandable that each country wants to protect its rights. For the JDA to succeed fully, it will require a political will from both sides. Both prime ministers have already shown they are keen to cooperate. Being neighbors, Malaysia and Thailand understand the special cordial ties between them need to be reinforced through the JDA. Again in this context, both the leaders have proven to be promoters of national interest. They had met often enough and expressed keenness to resolve the issue.

One favorable factor showing optimism for success is the strong bilateral relationship between both countries. Ultimately, this strong bond will see them through.

Today, both countries have established cooperation in tourism, security, fishing, and construction. The benefits of Malaysian-Thai ties have gone beyond political motives and rewards. For example, under the leadership of the two leaders, the communist insurgency finally came to an end. This opened the floodgates along the border for more economic ventures. They included ferry services, rail links, and freer road access. All these developments have brought much benefit to the peoples of both nations.

The JDA area in the Gulf of Thailand covering 7,300 square kilometers has known reserves of about 2.5 trillion cubic feet of gas. In addition, the area offshore Kelantan is also estimated to have oil reserves averaging at 232 million barrels of oil. Given the enormous potential of the areas involved, it is important that every single detail is worked out. When the proposed project is carried out, it will be on a massive scale. It will also be the first of its kind in the world. As such, neither party can afford any differences when actual operation is under way.

There is every confidence this will be achieved. In the meantime, Malaysia and Thailand will look to forging closer economic ties in other fields. Henceforth, the private sector will be called upon to play a far more active role. It might take time before the actual JDA accord can be sealed. However, given the mutual benefits that would come out of the project, nothing would hold back the pact.

Mahathir Comments on Growing Taiwan Investments

BK2703063890 Kuala Lumpur International Service in English 0600 GMT 27 Mar 90

[Text] Taiwan is now the largest investor in the country in terms of manufacturing projects with 298 projects approved over the past two years. The prime minister, Datuk Sri Dr Mahathir Mohamed, says Taiwan has surpassed Singapore and Japan. He is confident investments from the republic will continue to be substantial in the future. In financial terms, Taiwan is in the second place with 3,200 million ringgit investments last year.

Datuk Sri Dr Mahathir said this when opening the inaugural meeting of the Taipei Investors Association in Kuala Lumpur this morning. He said the growing prominence of Taiwanese investments put a greater requirement on companies from that country to act with responsibility and be a good corporate citizen. One irresponsible action by a single Taiwanese investor will possibly jeopardize future business negotiations.

According to Datuk Sri Dr Mahathir, the success of the Taiwanese companies in relocating their manufacturing operations and the profits accrued justify the claims by Malaysia as one of the most attractive countries to invest in in Southeast Asia.

Mahathir Comments on By-Election Victory

BK2503143690 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 25 Mar 90

[Excerpt] The prime minister has considered Barisan Nasional's [National Front] victory in Pantai Merdeka as proof that the pact by the opposition has failed and people have rejected their campaign techniques.

[Begin recording] [Mahathir] I am fully satisfied with this victory even though our majority of votes is less than that in 1986, and only marginally. On the other hand, PAS [Pan Malaysian Islamic Party] only increased its majority by about 680 votes. In spite of support from the DAP [Democratic Action Party], the Spirit of '46 Party and certain other groups, PAS only managed to increase its majority to just over 600 votes. Such a narrow margin is considered worthless in view of the fact that the party had resorted to various anti-government campaigns and it shows that people have rejected their campaign techniques. [end recording]

Barisan Nasional won by a majority of 3,409 votes. The counting of votes began at the Sultan Abdul Halim Teacher Training College. The Barisan Nasional candidate, Haji Shuaib Lazim, polled 10,384 votes while his PAS opponent, Datuk Mohamed Muslim, polled only 6,975 votes. There were only 171 invalid votes. The results were announced at 12.56 A.M. [25 March]. [passage omitted]

Central Bank Chief on Economic Growth in 1990's

BK2903042590 Kuala Lumpur BERNAMA in English 0328 GMT
29 Mar 90

[Text] Kuala Lumpur, March 29 (BERNAMA)—Malaysia's economy will continue to enjoy buoyant growth in the 1990s, at least for the medium term, thanks to the strong upsurge in private investment in 1988 and 1989.

Jaffar Hussein, governor of Bank Negara [Central Bank], added however, to sustain the expansion, the economy would require additional support from the external sector to ensure that the balance of payments was sufficiently strong to take the economy over the longer run to 1995.

He said this in his forward to the 1989 annual report of the Central Bank released Thursday [29 March]. The bank said Malaysia achieved a robust real gross domestic product (GDP) growth of 8.5 percent in 1989, closely matching the record 8.7 percent-outturn in 1988.

The performance, representing the fourth successive year of expansion, far exceeds the 7.6 percent forecast made by the treasury when the 1990 budget was presented about six months ago. The growth was supported mainly by an upsurge in private consumption and investments at a time when growth of the external sector was moderated by sharply higher imports.

Private investment, which has been increasing rapidly since 1988, rose at a peak rate of 36.3 percent in real terms from 21.6 percent in 1988 and 3.4 percent in 1987. Private consumption grew at 15.9 percent last year from 15.7 percent in 1988 and 2.1 percent in 1987.

Jaffar said over the medium term, the prospects for the economy to sustain its growth momentum look more feasible now than a few years ago.

"What is clear is that in the past two years, the support to growth came largely from domestic sources," he added. He said it was clear that if the world economy slowed down much more sharply, the slowdown in Malaysia could intensify.

"Under these circumstances, the strategy of monetary policy is to move towards sustaining the growth momentum within the context of price stability," he added.

Singapore

Parliament Debates Over Relations With Malaysia

BK2303143590 Singapore THE STRAITS TIMES in English 23 Mar 90 p 1

[Text] Singapore's approach towards relations with Malaysia will remain the same despite the change of Prime Minister here later this year. The policy of bilateral relations based on mutual respect and non-interference will continue when Mr Goh Chok Tong takes over from Mr Lee Kuan Yew, Foreign Minister Wong Kan Seng said yesterday.

"Some in Malaysia may want to test how far the new generation of leaders may change with regard to the policies with our neighbours," he told Parliament. "But let there be no mistake. Even with a change of Prime Minister, our approach in our relationship with our neighbours will remain consistent."

Although problems between close neighbours might crop up from time to time, they could be resolved in a quiet, mature and business-like manner if communication channels were kept open. "So long as we understand that relations are conducted based on mutual respect, and that there are channels of communication open whenever we need to use them to resolve problems, then I think we will have good relations with all our neighbours," he said.

He was responding to Non-Constituency MP [Member of Parliament] Lee Siew Choh, who expressed concern about the state of Singapore's relations with its neighbours, especially Malaysia.

Dr Lee said that ties with Malaysia had taken a "deep downward turn" recently, and cited reasons such as the law requiring Johor-bound Singapore vehicles to have a half-tank of petrol and the offer to host U.S. military facilities here. Although Mr Goh's visit to Kuala Lumpur two weeks ago had helped somewhat, he said, there were still Malaysian charges of spying by Singapore agents.

Suggesting that there were "dangerous currents" beneath the surface of bilateral ties, he urged the Government to get to the bottom of what was wrong.

He asked if the strained ties had been caused by Singapore ministers who bragged too much about Singapore's success. Or, he asked, could the reasons be insensitive policies; a lack of real support for the Malaysian concept of a Zone of Peace, Freedom and Neutrality in Southeast Asia; too much defence spending; or provocative statements by People's Action Party activists?

Replying, Mr. Wong said that far from being the way Dr. Lee had described, ties with Malaysia were "the best that can ever be", especially since Dr. Mahathir Mohamed became Prime Minister in 1981.

He had his own list of questions for Dr. Lee: "If our relations are so bad, how could we be talking about buying additional water and gas from Malaysia? "How could we be talking about building a second link between Singapore and Malaysia? How could we see so much investment in Malaysia over the last one year?"

Singaporeans invested M$900 million (S$621 million) in Malaysia last year—double the 1988 figure.

Mr. Wong said Singapore had explained the rationale for the half-tank rule to the Malaysian government, which had accepted the reasons.

"What is most important, therefore, is that there is a clear understanding of each other's position so that there is no mis-assessment, no miscalculation of each other's capability," he said. "And it is on this basis, that there must be mutual respect and non-interference, that we conduct relations. This is the same basis on which we conduct relations with all the countries in the world."

The debate on the Foreign Ministry estimates took a lively turn after Mr. Wong replied, as three Government backbenchers engaged in a fast-paced exchange with Mr. Lee.

Mr S. Chandra Das (Cheng San GRC) [Group Representation Constituency] said that Singapore leaders were always very guarded and conservative in their responses to issues raised by Malaysians.

Making a passionate call for more "aggressive" responses to Singapore-bashers, Mr. Peh Chin Hua (Jalan Besar GRC) said in vivid Mandarin that he sometimes felt like slapping those who unfairly attacked Singapore. While that was not something Mr. Choo Wee Khiang (Marine Parade GRC) would recommend, he also thought that the critics deserved "a proper reply".

But Dr. Lee stuck to his position and urged Singapore ministers to "climb down a bit" and respect the sensitivities of Malaysians.

Closing the debate, Mr. Wong said Singapore ministers always dealt with their counterparts in neighbouring countries from a position of mutual respect and had never been arrogant towards them. "We didn't climb up in the first place. So there is no reason to climb down," he said.

Cambodia

AFP Reports 8 Killed in Fight Over Gem Trade

BK2903102690 Hong Kong AFP in English 0959 GMT 29 Mar 90

[Text] Bangkok, March 29 (AFP)—Eight people were killed and some 20 wounded when an unidentified Khmer Rouge mortar unit shelled other Khmer Rouge guerrillas in charge of looking after the lucrative gem trade in northwestern Cambodia, a Khmer Rouge official has said. Khmer Rouge guerrillas stationed in Pailin Town charged with the business of alloting gem-mining concessions to Thai miners were bombarded by some 20 mortar shells fired by another Khmer Rouge unit, Khmer Rouge official Um Tik told Thai reporters at the border Wednesday [28 March]. The incident took place Friday last week, he said.

Thai army officers based in Thailand's border town of Aranyaprathet, some 250 kilometres (115 miles) east of here, and their marine counterparts based in the southeastern provinces of Chanthaburi and Trat, opposite Pailin, said that they had received no report of such an incident. Non-communist guerrillas, allied to the Marxist Khmer Rouge in a coalition fighting to overthrow the Phnom Penh government, are frequently involved in clashes to control the black market along the Thai-Cambodian border, but the Pailin incident appears to be the first pitting Khmer Rouge groups against each other.

Pailin, less than 10 kilometres (six miles) from the Thai border, was seized from troops of the Vietnamese-installed Phnom Penh government late last year. The area has reportedly provided the Khmer Rouge with a large income from mining concessions granted to Thai investors. Mr. Um Tik said he believed the Khmer Rouge group which had launched the attack was "jealous" of the guerrillas stationed in Pailin, "because they were making money and becoming wealthy from charging protection fees from the gem traders." "Units controlling Pailin area were being supplied with foreign cigarettes, expensive liquors, canned beer and other luxury items which other combat units have no access to, and were living in luxury," Mr. Um Tik said. He said guerrillas at Pailin were also making a lot of money by supplying consumer goods brought from Thailand to the mining community. The Thai miners do not wish to travel between Pailin and the Thai border through rough terrain which is strewn with anti-personnel mines, Mr. Um Tik said.

VODK Recounts Route 10 Battlefield Operation

BK2903122790 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 28 Mar 90

[Dispatch from Route 10 battlefield by correspondents Sot and Chet: "Summary of Initial Results of the Campaign to Smash the Vietnamese Enemy's Master Plan on the Route 10 battlefield in February and March 1990"]

[Text] 1. In October and November 1989 our national resistance forces attacked and crushed virtually every division of the puppet forces, lackeys of the Vietnamese, in western Cambodia, particularly in Pailin. Many of the Vietnamese troops disguised as Cambodian soldiers after September 1989 were also crushed and scattered by the national resistance forces.

2. Through this experience, the Vietnamese enemy and their associates concluded that the Vietnamese puppet lackeys were not able to withstand the national resistance forces. If Vietnam failed to send additional troops to the rescue of their puppet lackeys, Siem Reap and Battambang towns would certainly fall into the hands of our national resistance forces within weeks. If the national resistance forces succeeded in liberating Battambang and Siem Reap towns, that would :

1) set a bad political precedent for all puppet soldiers and civil servants throughout the country, thus causing the puppet forces, both military and civilian, to collapse. Consequently, the Hun Sen-Heng Samrin puppet regime would surely tumble.
2) deprive the Vietnamese enemy and their puppets of any argument in the diplomatic field against UN control and the formation of a quadripartite provisional government. The world community would then pressure them into recognizing the need to resolve the war of Vietnamese aggression against Cambodia through political means with all kinds of UN supervision and the formation of a quadripartite provisional government headed by Samdech Norodom Sihanouk.

3. Faced with this situation, the Hanoi authorities begged the Soviets to continue to give them aid a little longer so they could shore up against the collapse of the Vietnamese puppet regime in Cambodia to gain time to continue waging psychological warfare by lying to and deceiving other people. Thus the Vietnamese enemy decided to send fresh troops to Cambodia in addition to the Vietnamese troops concealed and hidden in Cambodia after September 1989. There were more than 100,000 Vietnamese troops concealed in Cambodia since September 1989. This Vietnamese force is divided into two groups. The first, made up of more than 30,000 troops in puppet army uniforms, masquerades as puppet soldiers; the second, numbering about 70,000, some in puppet uniform and others in Vietnamese army uniforms, is hiding in the jungle and would intervene when the puppet soldiers and Vietnamese soldiers in the puppet army find themselves unable to withstand the national resistance forces. From late December 1989 to January, February, and March 1990 many fresh Vietnamese troops were sent to Cambodia over various routes, numbering in the hundreds to the thousands per route. So far, there have been more than 30,000 fresh Vietnamese troops arriving in this manner, including nearly 20,000 sent to Battambang Province-Route 10 and 3,000 to Siem Reap.

4. After the resistance forces had smashed and driven out the puppet and Vietnamese forces from western Cambodia, the Vietnamese chieftains permanently assigned to command their puppet lackeys in Phnom Penh were compelled to mobilize their forces to defend the townships and strategic roads in the western part of Cambodia, particularly Route 10 and Battambang town. However, the Vietnamese chieftains in Hanoi maintained that it would not be possible to withstand the attacks by the national resistance forces. They believed their forces sent to protect the townships and strategic roads would be worn out, crushed, and scattered by the national resistance forces in no time at all.

The danger of losing strategic roads and losing Battambang and Siem Reap towns was unavoidable. For this reason, the Hanoi chieftains decided to send as many additional Vietnamese troops as possible to launch a counteroffensive against the national resistance forces. In this grand design, they planned to mobilize as many forces as possible to attack and recapture Route 10 and Pailin town. They maintained that only by implementing such a strategy would they be able to protect Battambang town and the strategic roads.

5. The Hanoi chieftains' plan dictated that the additional Vietnamese forces sent to Battambang and Route 10 to attack Pailin should be numerous and heavily equipped with many tanks and large and small guns. It demanded Pailin be recaptured within 10 days. The Vietnamese enemy launched the offensive to implement their 10-day plan on 23 February 1990. In the implementation of this 10-day master plan, they employed more than 3,000 Vietnamese troops and nearly 2,000 Cambodian soldiers, unleashed in 21 columns from the north, the front,

and the south. From the north—that is, from Kamping Puoy, Ta Ngen, O Pong Moan, Snoeng, and Boeng Ampil—they intended to retake Boeng Krasang, Peak Sbek, Chinuk, Prey Thom, O Bangkang, and Boeng Preal. From the front, they departed from Sdau, O Andong, and Treng in several columns heading west and north of Route 10 step by step toward Sala Krau. From the south—that is, south of Route 10—there were some columns moving parallel to Route 10 and some others sallying far away from Route 10, all heading step by step toward the same objectives: Chisang, Chimeang, and Pang Roloem.

6. Our national resistance forces, even before the major offensive of the Vietnamese enemy, initiated attacks against them on Route 10 from Treng to Phnum Sampeou and from Kamping Puoy to Phnum Krapeu and on other fronts adjacent to the Route 10 battlefield. Thus, immediately after the Vietnamese enemy launched their offensive in 21 columns on 23 February 1990, our national resistance forces did not lose any time counterattacking them. Our forces attacked them everywhere. When the Vietnamese enemy crept forward, they came under attack from our forces. Their rear was also attacked by our forces. The attacks took place everywhere in series; as we attacked them, they attacked us, and we counterattacked them. For five days, we attacked the Vietnamese enemy from the front, in the middle, and in the rear, using infantry troops, artillery fire, mortars, BK's, machine guns, rocket launchers, and particularly mines. A total of 20 columns of the Vietnamese forces was crushed. Only one column threading its way south of Route 10 survived this series of attacks. As a result, during these five days—from 23 to 27 February—we killed more than 400 Vietnamese soldiers and wounded more than 500 others in these 20 columns. And 10, 20, or 30 Cambodian soldiers in each column deserted during these five days of fighting.

The Vietnamese chieftains commanding the operation, seeing the debacle of their troops, asked the Vietnamese chieftains sent from Hanoi and based in Phnom Penh to allow them to pull the forces back to reorganize them. However, the Vietnamese commanders coming from Hanoi decided (1) not to pull back and (2) to send more troops to fight and complete the 10-day plan to achieve the objective at all costs. The Vietnamese bigwigs in Phnom Penh thus decided to send additional Vietnamese troops and armaments to carry on the fighting.

The fighting on the Route 10 battlefield was intense around-the-clock on 23 February and remained so until 23 March 1990. In each phase of the enemy offensive, whether it lasted 10 days or five days, the Vietnamese enemy suffered serious losses inflicted by our national resistance forces in terms of death, injuries, and desertions and were pushed back. They successively sent additional troops from Vietnam and launched one five-day or 10-day operation after another against us. Each time they did, they were smashed and crippled by our forces. Consequently, the fighting between us and the Vietnamese enemy was very bloody and resolute with each side trying relentlessly to win by any means. It should be noted that the Hanoi authorities decided to launch the Route 10 campaign to recapture Pailin and Sisophon at the approach of the Jakarta informal meeting of 26-28 February 1990. In the second stage of 1-5 March 1990, we killed or wounded more than 500 Vietnamese soldiers. Fighting became more intense by the day because the Vietnamese enemy kept sending in more Vietnamese troops. In the third stage of 6-16 March, we killed more than 300 Vietnamese soldiers and wounded more than 600 others. From 17-23 March 1990, we killed over 400 Vietnamese soldiers and wounded more than 700 others.

As far as desertions are concerned, dozens of both Vietnamese and particularly puppet soldiers deserted daily. On some days, even hundreds of them deserted. We captured both Vietnamese and Cambodian soldiers during combat and after they had run away from the battlefield. So far, we have captured nearly 300 Cambodian soldiers and a number of Vietnamese soldiers, including those who were seriously or slightly wounded. Regarding these Vietnamese prisoners of war, we have allowed the international press to examine them directly on the spot, to question them in all aspects, take their pictures, and televise them on many occasions lasting more than two hours each time. In summary, the Vietnamese enemy losses suffered on the Route 10 Battlefield during their master plan to recapture Pailin include: 1,100 killed and 1,800 wounded, for a total of 2,900 casualties, not counting the deserters and those taken prisoners.

7. This initial summary of results in the smashing of the Vietnamese enemy forces also shows that the fighting was vicious and resolute with each side determined to prevail over the other. This also shows the struggle of the aggressive and genocidal Vietnamese authorities who have exposed to the world that some of their troops were concealed in Cambodia and others sent from Vietnam to save their puppet regime in Cambodia. The more troops they send to Cambodia, the more proof we receive of the presence of Vietnamese troops in Cambodia, thus exposing to the world their belligerent, aggressive nature in occupying Cambodia and leading the world to continue vehemently to condemn, accuse, and oppose the Hanoi authorities. For this reason, increasingly more clearly the press, foreign governments, meetings of the five permanent UN Security Council members, public figures, and foreign diplomats have come to see that Vietnam is extremely wicked and deceptive. Vietnam announced that it has withdrawn troops, but it has withdrawn only a token few—the crippled and exhausted—while hiding the bulk of its forces in Cambodia. Moreover, it has sent additional troops to help prop up the puppet regime, preventing it from collapsing too soon.

8. At the same time, this has made the Cambodian people and national resistance forces more resolute in raising their guard and remaining convinced that the Vietnamese enemy aggressors will not easily give up

their strategy of aggression against occupation and annexation of Cambodia. The Vietnam-Laos-Cambodia Indochinese Federation strategy has been decided since 1930. They are not ready to give it up easily. Even if they were bled white because of hardship, they would continue to struggle to keep it. For this reason, all Cambodian national resistance forces and the Cambodian people as a whole both at home and abroad continue to unite as a single body and fight the genocidal Vietnamese aggressors and their lackeys, the Hun Sen-Heng Samrin puppets, until the aggressor forces of the Hanoi enemy are completely withdrawn from Cambodia under the genuine control of the United Nations so the Cambodian people can decide their own destiny without interference and, in particular, can achieve genuine national reconciliation with the formation of the quadripartite provisional government headed by Samdech Norodom Sihanouk.

Resistance Reportedly Fails To Retake Svay Chek

BK2903031290 Bangkok BANGKOK POST in English 29 Mar 90 p 6

[Text] Prachin Buri—Phnom Penh government troops and resistance guerrillas have been fighting with missiles and artillery around Svay Chek since Tuesday [27 March]. About 1,200 Phnom Penh troops from two battalions and four T-54 tanks have been deployed at Svay Chek, a township located near Route 69, opposite Nong Chan village in Ta Phraya District here. Some 600 Khmer People's National Liberation Front (KPNLF) guerrillas, led by Lay Vira, chief of Operation Zone 6, and Doung Sakhon, chief of Operation Zone 2, split into smaller units to attack government fire bases at Ban Soeng, Ban Changha, Ban Yeang Dangkum and Ban O Kanseng villages. Government troops fired rockets from their BM-21 surface-to-surface multi-launch system and 122mm and 130mm artillery shells from their Ban Nimit fire base near Route 5 and from other bases in Svay Chek to counter the guerrilla attacks.

Heavy fighting for Svay Chek continued yesterday, but KPNLF guerrillas failed to recapture the western township. The guerrillas later retreated from areas around the villages after suffering three deaths and at least 10 injuries, sources said. There were no reports of casualties among the Phnom Penh troops.

VOK Reports KPNLF Actions in Battambang

BK2703074890 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 27 Mar 90

[Text] The combatants of the Khmer People's National Liberation Armed Forces [KPNLAF] killed 14 Vietnamese-Heng Samrin soldiers and wounded 30 others in ambushes, shelling, and attacks against enemy positions in Battambang Province. According to a report from the KPNLAF General Staff, on 12 March, the KPNLAF combatants in Operational Zone III ambushed 700 Vietnamese-Heng Samrin soldiers in Ponley commune, Phnum Srok District, Battambang Province. The fighting which lasted for two and one-half hours killed eight and wounded 13 enemies. The report said that on 15 March artillery unit combatants of the KPNLAF High Command fired 50 rounds at the position of the Vietnamese-Heng Samrin soldiers in Treas village, Thmar Puok District, Battambang Province. The shelling killed six enemy soldiers and wounded 17 others, including 10 Vietnamese soldiers. The report added that recently combatants of the KPNLAF in the 806th Special Regiment launched an attack on the Vietnamese-Heng Samrin position in Samraong commune, Thmar Puok District, Battambang Province, killing or wounding a number of enemy soldiers after 15 minutes of fighting.

VOK Reports Sihanoukist Army Actions 18-24 Mar

BK2703064890 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 27 Mar 90

[Text] According to a report from the General Staff of the Sihanoukist National Army [ANS], on 24 March the ANS combatants launched a massive attack on (?Khlok), one of the front line positions of the Vietnamese-Heng Samrin soldiers in Stoung District of Kompong Thom Province. As a result of this attack, the enemy forces deserted the battlefield. The ANS combatants captured nine enemy soldiers and seized nine weapons.

On 18 March, a group of ANS combatants from the 8th and 12th Brigades attacked a position of the Vietnamese-Heng Samrin soldiers at Sre Yar in Puok District of Siem Reap Province. Following two hours of fighting, ANS combatants totally smashed this position. They killed three enemy soldiers and wounded 10 others. On 22 March, the ANS combatants from the 14th Brigade attacked a position of the Vietnamese-Heng Samrin soldiers at (?Ta Ben) in Kralanh District of Siem Reap Province. After two hours of fighting, the ANS forces killed nine enemy soldiers and wounded 13 others. On the same day, the ANS combatants from the 3d, 6th, and 14th Brigades jointly attacked a position of the Vietnamese troops at (?Kouk Khnong) in Kralanh District of Siem Reap Province. Following 15 minutes of fighting, the ANS combatants seized full control of that position. They also killed 10 enemy soldiers, wounded 15, and captured nine others.

VONADK Reports Joint Attack in Thmar Puok

BK2703022890 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 26 Mar 90

[Text] On 1 March, our Cambodian national resistance forces, in cooperation with the Armed Forces of the Khmer People's National Liberation Front, attacked and totally smashed a Vietnamese-puppet company position at Kamnap in Thmar Puok District on North Sisophon battlefield [Battambang Province]. We killed 11 Vietnamese enemy soldiers and wounded 10 others; we destroyed two T-54 tanks, two military trucks, one

80-mm mortar, two 100-mm guns, two 12.7-mm machineguns, two Goryunov guns, six AK's, and a quantity of assorted ammunition and war material.

More SRV Troops, Soviet War Materiel Reported

BK2703012490 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 26 Mar 90

[Text] The Hanoi Vietnamese aggressors have sent 3,000 fresh troops and war materials from Vietnam to Cambodia. Between 14 and 19 March, the Hanoi Vietnamese aggressors sent 3,000 fresh Vietnamese troops via Route 7 across the Mekong River to Tonle Bet. The troops were later sent through Kompong Cham town to Skoun township and from there to the Angkor area via Route 6. On the trucks, these Vietnamese soldiers wore civilian clothes, but when they arrived at Angkor, they took off the civilian clothes and wore the puppet soldiers' uniforms. They are now attending military training at Angkor Thom. On 15 March, a Soviet ship of 10,000-ton capacity unloaded war material at Kompong Som Port.

Truck Convoy Reported Ambushed in Kompong Thom

BK2803013690 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 27 Mar 90

[Text] On 26 March, our national resistance forces ambushed a Vietnamese-puppet truck convoy on Route 12 in Kompong Svay District [Kompong Thom Province]. We destroyed six trucks and killed or wounded 50 Vietnamese and puppet soldiers.

Indonesia

Suharto Urges Banks To Help Small Businesses

BK2903054090 Jakarta THE JAKARTA POST in English 19 Mar 90 p 1

[By Munarsih K. Sahana]

[Text] Klaten, Central Java (JP)—President Suharto has called on the Indonesian banking industry to help small businesses in the country by providing them with loans without requiring collateral. "It is time that banks in Indonesia gave credit to small businesses without collateral, but simply with a public accountant's statement certifying the soundness of the businesses," Suharto said in a dialog with owners of small businesses and leaders of cooperative societies here on Saturday [17 March].

The President was in Klaten to dedicate 146 small industrial and handicraft cooperatives in 16 provinces in Indonesia.

Suharto said the government realized the importance of small businesses and handicraft industries in Indonesia's economic development.

"These businesses and industries urgently need capital in order to increase their capabilities," he said. "And it is for this purpose that the government has laid down the policy that a bank will be considered sound only if it channels 20 percent of its loans to small businesses."

Suharto said the government had opened up opportunities for banks to grow "in order that they could channel loans to both the big and the small businesses."

Earlier in his speech at the dedication ceremony, Suharto said small-scale industries could develop better through cooperatives. He added that craftsmen also found cooperatives a place where they could develop their potential together. "We have recognized that small-scale industries grow well if they work together in cooperatives," he said. Suharto said cooperatives should be developed into a major force in the nation's economy. In an effort to realize social justice, cooperatives should become the main pillar of the national economy, he added.

The President said small-scale industries also offered more job opportunities. "One of our major successes in national development is reducing the number of unemployed people," he said.

Suharto said the government would create conditions conducive to the growth of small businesses and cooperatives.

He said cooperatives were expected to play a role in closing the gap between the rich and the poor. "Cooperatives are expected to increase their role in the nation's economic development in order to promote an equitable situation and social justice," the President said, warning of the widening social gap in the country.

Suharto called on large businesses to help cooperatives and let them own shares in their enterprises. "I am sure this will make the coopertives stronger," he said.

Suharto said many small businesses were faced with the problems of capital, marketing and management.

Industry Minister Hartarto, who accompanied the President on his visit to Klaten, said about 1.5 million industrial units were operating in Indonesia. Most of these were small-scale industries in rural areas, he added.

Hartarto said more than one million people were employed in the industries producing goods worth Rp [rupiah] 9.8 trillion at the end of the fourth five-year development plan.

Paper Reports Plan To Buy Tornado Jet Fighters

BK2803122990 Jakarta KOMPAS in Indonesian 18 Mar 90 pp 1, 13

[Italicized portions in English]

[Excerpt] Jakarta, KOMPAS—Indonesia will follow Malaysia's example by equipping its Air Force with Tornado jet fighters built by Panavia, a consortium of three countries, namely Great Britain, West Germany, and Italy. The type of Tornado planes most likely to be ordered by Indonesia is the *Air Defense Variant* model.

A KOMPAS source disclosed this at a demonstration flight of the aircraft—which is the pride of the British Royal Air Force—at Jakarta's Halim Perdanakusumah Air Base yesterday. The two Tornado planes, which arrived here on Friday [16 March], belong to the *interdictor/strike* version.

The multipurpose jet fighters, which can fly at Mach 2 speed, are two of the six Tornadoes sent by the British Royal Air Force to take part in the Integrated Air Defense System exercise of the Five Power Defense Arrangement, held in Malaysia 13-16 March. [passage omitted]

Governor Calls for Investments in East Timor

BK2703090490 Jakarta THE JAKARTA POST in English 23 Mar 90 p 1

[By Lukas Karl Degey]

[Text] Jayapura (JP)—East Timor needs at least Rp. [Rupiah] 277 billion (U.S. $152.19 million) in investment funds to maintain its economic growth of six percent annually during the current Five-Year Development Plan period, which began in April last year, says the chairman of the province's Chamber of Commerce and Industry (Kadin).

Manuel Viegas Carascalao [concurrently East Timor governor] said at a regional meeting of the chamber in the provincial capital of Irian Jaya that East Timor Province still relied on government funds to carry out investment projects as the contribution of the private sector was very small.

Carascalao said the province, which is rich in natural resources, was a very strategic area for investment projects. "But we need more domestic and foreign investors to exploit the potential of the province," he said.

He, therefore, called on the government to study the possibility of opening a direct flight from Dili to Darwin in Australia to attract more foreign businessmen to invest in the province.

The opening of the Dili-Darwin route will not only encourage foreign investors, particularly from Australia, but also increase the number of foreign tourists, he said.

According to him, the opening of the route was very potential. [sentence as published] "At least 15,000 East Timorese, who have become Australian citizens, will become regular passengers using the route in addition to Australian tourists, particularly from Western Australia, who could make Dili a transit spot to other cities in the country.

To make the route more lucrative, he said, it could be linked to other Indonesian cities such as Kupang and Ujungpandang.

Carascalao explained that East Timor with its unique culture, attractive tourist resorts, and various spots of historical value could become an important tourist city in the country in the future.

"That's why we call for the attention of the government to study the possibility of opening a direct flight from Dili to Darwin to help in the further development of tourism in the province," he said.

Reportage on Foreign Minister's Visit to Egypt

WA2703143090

For reportage on the visit by Foreign Minister Ali Alatas to Egypt, please see the Egypt section of the 27 March Near East & South Asia DAILY REPORT.

Laos

Phoumi Vongvichit Attends Plenum on Front Work

BK2703143590 Vientiane Domestic Service in Lao 1200 GMT 27 Mar 90

[Text] The 1990 enlarged plenum of the Lao Front for National Construction [LFNC] committees of four central provinces was officially inaugurated in Vientiane Province yesterday morning with the participation of LFNC Central Committee Chairman Phoumi Vongvichit as honored guest. The plenum is attended by more than 200 LFNC representatives from the four central provinces—namely Vientiane Municipality and the provinces of Vientiane, Bolikhamsai, and Khammouane. The meeting, which is scheduled to convene for three days, will hear and study annual reports on front work from the LFNC committees in these provinces, including the identification of certain good and weak points and lessons gained in work performance in the past year. This will be done so that a basis can be created for outlining plans on front work in the coming year. This is to further enhance the positive role and value of the front in consolidating the strength of unity among the people of all strata around the party; fulfill the tasks of defending and building the country; and improve and upgrade organizational work and front work methods to conform to the current renovation cause in our country.

Oudom Khatthi-gna Lectures on Party Traditions

BK2803032890 Vientiane Domestic Service in Lao 0500 GMT 23 Mar 90

[Text] A ceremony was held at the Youth Union Center in Vientiane on the afternoon of 21 March to hear a lecture on traditions of the Lao People's Revolutionary Party [LPRP]. The lecture was delivered by Comrade Oudom Khatthi-gna, alternate Political Bureau member of the party Central Committee, head of the Central Organizing Committee, and person in charge of guiding mass organizations at the central level. Attending the ceremony on this occasion were Comrade Mrs. Thongvin Phomvihan, member of the party Central

Committee and first secretary of the Lao People's Revolutionary Youth Union [LPRYU] Central Committee; comrade Secretariat members of the LPRYU Central Committee; and cadres and state employees attached to the LPRYU Central Committee.

In his lecture, Comrade Oudom Khatthi-gna pointed to the founding of the LPRP, saying that it originated from the Indochinese Communist Party and was officially founded on 22 March 1955. He also recalled certain stages in which the LPRP fulfilled its outstanding leadership role in resolutely struggling against the ferocious war of the imperialists, and noted the strength of the youths who contributed to carrying out the struggle against the war of aggression of the imperialists to defend their beloved country until complete victory. Earlier, on 20 March, a similar ceremony was held at the Women's Union Center to hear a lecture on traditions of the LPRP on the occasion of the 35th founding anniversary of the party.

SPA Decree To Set Up Parliamentary Group

BK2603145390 Vientiane Domestic Service in Lao 1200 GMT 26 Mar 90

[Text] On 9 March, the Standing Committee of the Supreme People's Assembly [SPA] issued a decree on the establishment of the Parliamentary Committee of the Lao People's Democratic Republic [LPDR], which is to be a member of the International Parliamentary Union. The full text of the decree reads:

With reference to the party's foreign policy on promoting relations, cooperation, solidarity, and friendship with other countries and international-level and regional-level organizations, and with reference to a recommendation made by the SPA Commission for Foreign Relations, the SPA Standing Committee has agreed:

Article 1. To set up the LPDR Parliamentary Committee of the SPA to act as a member party in the International Parliamentary Union.
Article 2. To appoint the chairman, vice-chairman, secretary, and the members of the LPDR Parliamentary Committee as follows:

1. Chaleun Yiapaoheu, SPA Standing Committee member, chairman;
2. Viset Savengsouksa, member of the SPA, deputy chief of the SPA Commission for Foreign Relations, vice-chairman in charge of the secretariat work;
3. Noubeng Chanthasak, member of the SPA, member in charge of finance;
4. Sithon Sibounheuang, member of the SPA, member;
5. Mrs. Khemphet Phonsena, member of the SPA, member;
6. Bouasi Lovansai, member of the SPA, member;
7. Professor Vannalet Latsapho, member of the SPA, member;
8. Saisompheng Souli-gnavong, member of the SPA, member;
9. Pian Saphangthong, member of the SPA, member;
10. Khamhou Phiangsombat, member of the SPA, member;
11. Khamphan Thamphithak, member of the SPA, member.

Article 3. It is instructed that the SPA office, the SPA Commission for Foreign Relations, organizations concerned, and all appointed persons efficiently carry out this decree with regard to their respective duties.
Article 4. This decree is effective on the day it is signed.

Swedish Solidarity Group Pays Five-Day Visit

BK2803104690 Vientiane KPL in English 0856 GMT 28 Mar 90

[Text] Vientiane, March 28 (KPL)—A delegation of the Swedish Organisation for Solidarity with Laos, Vietnam and Cambodia led by its president, Johan Peaberg, paid a five-day friendship visit to the Lao PDR [People's Democratic Republic] at the invitation of the Lao Committee for World Peace, Solidarity and Friendship With Other Nations.

During its stay here, the delegation had a meeting with the Lao Committee for World Peace, Solidarity and Friendship With Other Nations. The two sides exchanged views on the new changing situation in Eastern Europe and the foreign policy of the Lao PDR following its introduction of the policy of widening cooperation with foreign countries. They also spoke of the activities of the solidarity organizations of each country.

The delegation visited the head office of the Lao Women's Union Central Committee, the American Menonite organization's representation here, and toured historical and production bases in Vientiane Prefecture and province.

Mr. Johan Peaberg and his delegation called on Mr. Singkapo Sikhotchounlamani, president of the Lao Committee for World Peace, Solidarity and Friendship With Other Nations, and Mr. Sali Vongkhamsao, vice-chairman of the Council of Ministers and minister of economy, planning, and finance.

The Swedish peace delegation arrived here on March 23 and left here on March 27. After Laos, the delegation will visit the Socialist Republic of Vietnam and the State of Cambodia. It was met and was seen off at the airport by Mr. Souvannalat Sai-gnavong, vice-president of the Lao Committee for World Peace, Solidarity and Friendship With Other Nations, and some other officials.

Meets Sali Vongkhamsao

BK2803101490 Vientiane KPL in English 0906 GMT 28 Mar 90

[Text] Vientiane, March 28 (KPL)—Sali Vongkhamsao, vice-chairman of the Council of Ministers and minister of economy, planning and finance, on March 27, received a delegation of the Swedish Organization for

Solidarity with Laos, Vietnam and Cambodia led by its president, Mr. Johan Peaberg.

Vice-chairman Sali Vongkhamsao, on this occasion, expressed satisfaction over the organization's assistance and support to the struggle for national independence of the Lao as well as the rest of the Indochinese peoples. He also informed the delegation about the economic development policy of Laos in the new period, in particular the gradual transformation from the subsistent economy to the production of foods for marketing.

Vice-chairman Sali Vongkhamsao expressed his view that in order to reach that goal, the government of the Lao PDR [People's Democratic Republic] needs a correct policy to effectively promote agricultural production of the Lao people.

Narcotics Issues Discussed With U.S. Delegation

BK2903132990 Vientiane Domestic Service in Lao 1200 GMT 29 Mar 90

[Text] Levitsky, U.S. assistant secretary of state for narcotics matters, visited the Lao People's Democratic Republic [LPDR] on 28 March. During their stay in Laos, the U.S. delegation paid a courtesy call on Phoun Sipaseut, Council of Ministers vice-chairman and minister of foreign affairs. It also met with Souban Salitthilat, deputy minister of foreign affairs.

On this occasion, the Lao side reiterated the Lao Government's consistent policy on fulfilling international obligations on the narcotics issue. The two sides discussed cooperation in reducing drug production by building a comprehensive rural development project with U.S. assistance. They also discussed measures to check and suppress the future production and expansion of illegal drugs. The two sides hailed the good cooperation (?developed) between the LPDR and the United States. During the visit, the U.S. delegation also met with Kham-ouan Boupha, deputy minister of agriculture and forestry, and discussed ways to complete, at an early date, the (Na Son) and (Pha Mon) projects in Houa Phan Province.

Phoun Sipaseut Meets With UN Envoy 29 Mar

BK2903111690 Vientiane KPL in English 0904 GMT 29 Mar 90

[Text] Vientiane, March 29 (KPL)—Phoun Sipaseut, vice-chairman of the Council of Ministers and minister for foreign affairs received here yesterday the UN secretary general's assistant Sneh Singh who is in charge of the Asian-Pacific region. Phoun Sipaseut informed Sneh Singh about initial results of the Lao policy of socio-economic restructuring under way in the country. He also thanked the UN assistance to Laos in various fields saying that some projects have already brought about good results. Sneh Singh arrived here on March 27 for fact finding and inspection of UN funded projects in Laos following his appointment to his post. He is expected to leave here today.

Kaysone Phomvihan Meets With Foreign Envoys

BK2903103890 Vientiane KPL in English 0903 GMT 29 Mar 90

[Text] Vientiane, March 29 (KPL)—Australian Ambassador Philip Allan Jackson and Indonesian Ambassador Bambang Sumantri, yesterday were separately received by Kaysone Phomvihan, chairman of the Council of Ministers of the Lao PDR [People's Democratic Republic].

Chairman Kaysone Phomvihan, on this occasion, expressed satisfaction over the ambassadors' active contribution to the strengthening and promotion of the relations and cooperation between Laos and Australia and between Laos and Indonesia.

Kaysone Phomvihan Meets With Three New Envoys

BK2803145390 Vientiane Domestic Service in Lao 1200 GMT 28 Mar 90

[Text] This morning in Vientiane, Kaysone Phomvihan, general secretary of the Lao People's Revolutionary Party Central Committee and chairman of the Council of Ministers, received and chatted with three Lao ambassadors who will be leaving to take up their new diplomatic posts. They are Khamsing Sai-gnakon, ambassador extraordinary and plenipotentiary to Japan; Bansa Detvongson to the Mongolian People's Republic; and Phoun Khammounheuang to the Republic of France. During the chat, Kaysone Phomvihan advised the envoys to try to appreciate more profoundly the party's political line in the renovation period, especially its foreign policy, which is aimed at promoting and strengthening friendship and cooperation between Laos and the countries they are accredited to. The envoys vowed to the Council of Ministers chairman that they would try their utmost by taking the initiative to efficiently carry out their diplomatic duties to further increase the prestige and influence of the country in the international arena.

Phoumi Vongvichit Greets Mongolian Chairman

BK2603043590 Vientiane Domestic Service in Lao 0000 GMT 24 Mar 90

[Text] Comrade Phoumi Vongvichit, acting president of the Lao People's Democratic Republic, has sent a greetings message to Comrade Punsalmaagiyn Ochirbat, chairman of the Presidium of the People's Great Hural of the Mongolian People's Republic [MPR], Ulaanbaatar. The message reads:

On the occasion of your election as chairman of the Presidium of the People's Great Hural of the MPR, on behalf of the Lao Government and people, and in my own name, I would like to convey to you, comrade, sincere greetings and best wishes. Our Lao Government and people are convinced that under your chairmanship, the MPR will be able to overcome all difficulties and obstacles and lead the nation to march forward to achieve new success in the cause of consolidation and reconstruction in your country. I am pleased to see that our bilateral relations of friendship and cooperation have been increasingly developed. I am sure that with your contribution, the relations and cooperation will be further strengthened. I wish you, comrade, good health and success in performing your noble and honorable tasks.

Cuba's Fidel Castro Greets Party Anniversary

BK2603100090 Vientiane KPL in English 0926 GMT 26 Mar 90

["Fidel Castro Greets Kaysone on Party Anniversary"—KPL headline]

[Text] Vientiane, March 26 (KPL)—First Secretary of the Central Committee of the Communist Party of Cuba [Fidel Castro] has sent a congratulatory message to Kaysone Phomvihan, general secretary of the Lao People's Revolutionary Party CC [Central Committee], on the occasion of the 35th anniversary of the establishment of the Lao People's Revolutionary Party [LPRP].

The message said:

"Your party, through the years elapsed, has already shown how a small detachment of men, forged amidst the thunder of combat and ideologically armed with the ideas of Marxism-Leninism and composed of faithful followers of the patriotic and revolutionary ideas of its peoples, defeated one after another the actions of French colonialism and won the war imposed by the American imperialists.

"We feel proud witnessing that once achieved the national liberation the Lao people have continued being loyal to the unity with the other Indochinese peoples and work restlessly for the edification of a more just society, while defending the interests of peace and socialism.

"On behalf of all Cuban communists and of our combatant people who unswervingly keep flying high the colours of the revolution, socialism and internationalism, we congratulate you on the occasion of this anniversary and we request you to convey these feelings to the whole Laotian people."

Commentary Condemns 'Team Spirit 90' Exercises

BK2703110390 Vientiane KPL in English 0954 GMT 27 Mar 90

[Text] Vientiane, March 27 (KPL)—The leading daily "PASASON" today publishes a commentary condemning the military manoeuvre named "Team Spirit 90" carried out by the U.S.A. and South Korean troops, saying that the war game posed a threat to the DPR [Democratic People's Republic] of Korea.

Carrying out the manoeuvre already being condemned by Korean and world-wide public, the [illegible] on, is a challenge to peace-loving people and undermines the efforts of the movement of the Korean people for peaceful reunification of the country.

Referring to the Lao point of view, the paper says that the Lao people voice their support to the pa[illegible] students and people of Korea's struggle against the "Team Spirit 90" manoeuvre and demand the United States to put an end to the manoeuvre and to withdraw all its troops from the Korean peninsula. As it is, the military manoeuvre not only threatens the state of peace in the Korean peninsula [and] to the region but also jeopardises the struggle of the Korean people for independence, and the peaceful reunification of the country.

Philippines

Bomb Threat Forces Japanese Embassy Evacuation

HK2903073990 Manila Radio Veritas in Tagalog 0700 GMT 29 Mar 90

[Text] Employees of the Japanese Embassy were evacuated due to a bomb threat. The bomb threat was made by an unidentified caller who rang up the embassy at 1030 [0230 GMT] this morning. Bomb experts and the police were called to the scene to search the building and its surroundings. The caller allegedly told the embassy in Tagalog that the move is part of their activities marking their anniversary. Today is the Communist of the Philippines-New People's Army anniversary.

Hungary Agrees To Expand Trade Ties

HK2903051990 Manila BUSINESS STAR in English 29 Mar 90 p 1

[Text] Hungary wants more garments, fresh and processed foods, desicated coconut, coffee, leaf tobacco, rattan furniture, household textiles, sports goods and campaign equipment from the Philippines.

It is for this reason that the Eastern European country has agreed to expand trade ties with the Philippines, according to the DTI's (Department of Trade and Industry) Bureau of Export Trade (BETP) Country Desk Officer for Hungary Leon Basug.

Hungary and the Philippines at present have less than U.S.$2 million of trade both ways, so it is the concern of both governments to expand trade patterns, Basug said.

Basug said representatives of the two countries are now set to identify the specific areas of interst and products to be exchanged. This task is the responsibility of Hungarian ministry of foreign trade and the Philippine International Trading Corporation (PITC), which handles Philippine trade with socialist countries and also with new and emerging markets in Asia and Latin America.

A BETP briefing paper notes that an RP-Hungary Trade Agreement was signed in 1976 and ratified two years later. From 1978 to 1988, bilateral trade was erratic and lopsided against the Philippines except for the periods 1978-1979 and 1982-1984. The only consistent export category owning those 10 years was gloves and mittens of materials imported on a consignment basis.

Imports from Hungary with substantial values during that period were polyethlene and polyropylene in primary forms, urea, and regenerated fibers discontinuous and ot prepared for spinning. These and other imports totaled $80,000 in 1984 and rose to $4.22 million in 1987.

Basug said: "Engineering and technology are highly advanced in Hungary, and we can get petrochemicals such as the raw materials for plastics."

A second set of likely imports is veterinary products. The BETP briefing paper also cites agricultural products as a major export of Hungary.

To trade with Hungary, Filipino exporters can secure a license from the PITC for a minimal amount. Assistance is also given by BETP and the Bureau of International Trade Relations.

Hungary abides by internationally accepted norms of financing and documentation, since it is a member of international commercial bodies.

Customs tariff in Hungary is based on the Brussels Tariff Nomenclature, the country being a signatory to the nomenclature convention of the Customs Cooperation Council. A member of GATT, is jointed the Tokyo Round of multilateral trade negotiations and agreed to cut in July 1989 its most-favored-nation rates to 14.8 percent.

Energy to Hungary of about 600 products from developing countries in duty-free, and the preferential tariff system (no quota-no ceiling) is extended to 92 countries. [sentence as published] There is no restrictive elements in the nation's scheme, it was learned.

Trade Protocol With Vietnam Signed

HK2803124390 Manila THE MANILA TIMES in English 28 Mar 90 p 10

[Text] The Philippines and the Socialist Republic of Vietnam have signed a trade protocol to further expand trade relations between the two countries.

Trade and Industry Undersecretary Raul A. Boncan signed for the Philippines and Le Van Triet, Deputy Minister for Foreign Economic Relations of Vietnam, signed for Vietnam.

The protocol supplements section A and B of Article 5 of the trade agreement between the Philippines and Vietnam signed on Jan. 9, 1978.

Under the protocol, the Philippines will export to Vietnam an additional 31 items.

These include dyestuff, polyester fiber, agro-chemicals pesticides, insecticides, GI sheets and steel bars, DAP fertilizer, NPK fertilizer, medicinal and pharmaceutical products.

Official Accuses Singapore Firm of 'Shipjacking'

HK2803123790 Manila MANILA BULLETIN in English 28 Mar 90 p 8

[By Rod Villa Jr.]

[Text] A Singapore-based firm was tagged by government officials yesterday as behind the "shipjacking" of at least nine international cargo vessels while sailing on Philippine waters over the last few months.

Administrator Philip Tuazon of the Maritime Industry Authority (MARINA), flanked by Congress and Coast Guard leaders in a press conference, identified the firm as "Ten Tac, Lt.," which he said appears to be "paper company having tentacles in port cities in Asia and elsewhere in the world."

This prompted the Philippine government to ask the International Police (Interpol) to crack down on the firm, in the face of the admission of the Coast Guard and Marina officials of their "virtual helplessness" in preventing the piracy.

Rep. Manuel Puey (LDP [Struggle of Philippine Democrats], Negros Occidental), chairman of the House maritime subcommittee, said Lloyds of London, one of the world's biggest maritime insurers, has decided to raise the premium covering vessels and cargo plying Philippine seas as a consequence of what he said the "black mark" on the local shipping industry.

Navy Capt. Rodolfo Simon, acting Coast Guard commandant, and Col. Victor Corpuz said contacts have been made with their counterpart forces in neighboring countries to assist in apprehending the international pirates.

Assistant Majority Floor Leader James Chiongbian (LDP, Cotabato), whose clan owns the Eastern Shipping Lines, decried the inability of maritime law enforcers to prevent the piracy, saying no trace has been made of the "MV Comicon," which disappeared without a trace a few months back.

Other ships that disappeared similarly, along with their crewmen and cargo, were the "MV Cresta I," "MV Antonette," "MV Silver Mead," "MV Negotiator," and "MV Isla Luzon."

Tuazon said Marina foreign contacts tagged agents belonging to "Ten Tac" behind negotiations in the sale of the "Negotiator" at the port of Kaoshiong, Taiwan, and the "MV Isla Luzon," in Puson as metal scrap.

Marcos Gold Reported for Sale in Singapore

HK2803045990 Quezon City Radyo ng Bayan in Tagalog 0400 GMT 28 Mar 90

[Text] The Presidential Commission on Good Government [PCGG] announced that an estimated 19,000 tons [as heard] of Marcos gold in Singapore is up for sale by a broker identified as (Jessie Guinlef), a British national. PCGG Acting Chairman David Castro said they learned about this from their informants who are former Marcos cronies. A Filipino is said to be selling the gold.

Ramos Confirms Galido Government Agent

HK2803105790 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 28 Mar 90

[Italicized portion in English]

[Text] A news conference called by Defense Secretary Fidel Ramos has just ended. At the news conference, Ramos admitted that he knew that former Southern Luzon Command chief Brigadier General Alejandro Galido was a government infiltrator inside the rebel Reform the Armed Forces Movement [RAM] even before the coup d'etat broke out in December. He added that President Aquino was aware of the same thing even before the December coup.

According to Ramos, while the Armed Forces of the Philippines [AFP] knew that Galido was a government agent, Galido's knowledge on the coup was limited. Ramos did not reveal the information that Galido provided to the government.

Ramos also said that they still cannot make an accurate assessment on the real role of Galido following his disclosure that he was a government agent. According to him, AFP Chief of Staff General Renato de Villa is still conducting an investigation on the Galido case.

Here is an excerpt of Ramos' statement.

[Begin Ramos recording—in progress] *...just before. But again, you must qualify this. In the statements of General de Villa, he said that General Galido was compartmented. He was not the whole chief of the...so to speak, in so far as the coup plotting was concerned because the rebels only confined it to certain contacts, certain sectors, certain knowledge of the information.* [end recording]

In a related development, Ramos refused to comment on Galido's statement which implicated Imelda Marcos, U.S. Ambassador Nicholas Platt, Homobono Adaza and other opposition leaders, and a U.S. intelligence officer in the 1 December coup. Instead, he said that only AFP Chief of Staff General Renato S. De Villa has responsibility over Galido's statement.

[Begin Ramos recording] That is up to General De Villa because he is the immediate superior of General Galido. The rest of us, either high above or below General Galido, maybe cannot make accurate assessments. [end recording]

Ramos made the statement in response to a question about the revelation by Comrade Roger and Comrade Hector Mabilangan of the Melito Glor Command, who claimed that Galido received 8 million pesos from RAM and that the matter was covered up by the military.

Commission Confirms Carino as Education Secretary

HK2803120990 Quezon City Radyo ng Bayan in Tagalog 1000 GMT 28 Mar 90

[Text] The Commission on Appointments [CA] has finally confirmed the nomination of Isidro Carino as secretary of education, but deferred action on the confirmation of Florencio Abad as agrarian reform secretary. Here is Jojo Ismael with the details:

[Begin recording] Nineteen members of the CA supported the confirmation of Carino against a lone negative vote by Senate minority floor leader Senator Juan Ponce Enrile.

In its general session, the CA postponed for the seventh time its action on the confirmation of Agrarian Reform Secretary Florencio Abad following Senator Mamintal Tamano's invocation of Section 20 of the commission's rules.

According to Senator Aquilino Pimentel, chairman of the CA's Agrarian Reform Committee, Abad should be more determined and calm. He said that there is a plan by some political groups to embarrass Abad and force him to resign from his post as secretary of the Department of Agrarian Reform.

Due to the congressional recess on 6 April, the CA is obliged to act on Abad's case, for the last time, next Wednesday [4 April]. [end recording]

Finance Secretary Discusses Foreign Debt

HK2803094190 Quezon City GMA 7 Radio-Television Arts Network in English 1430 GMT 16 Mar 90

["Headline" program with hosts Freddie Abanto and Margarette Grey of BUSINESS WORLD; guests are Finance Secretary Jesus Estanislao; Central Bank Deputy Governor Edgardo Zialcita; Senator Vicente Paterno, Senate Committee for Economic Affairs chairman; Congressman Jose de Venecia; italicized portions in Tagalog; live]

[Text] [Abanto] Mr. Secretary, perhaps at this particular time what is essential is to look at where the country's foreign debt stands at this particular time.

[Estanislao] Well, Freddie, I understand that with the work of Governor Fernandez and Secretary Jayme, the total stock of debt, of foreign debt, of the Philippines has gone down. The time the Aquino administration took over, there were a set of numbers that were quoted. Anything beyond $28 billion. The Central Bank [CB] may be in a better position to give you the original stock of debt which we inherited from the Marcos regime.

Now, as of January, after the debt buy-back, it is below $27 billion. So the total stock of debt has already gone down.

There are many other things that I can say about where we are with respect to debt, but I just wanted to start with the fact that our total stock of foreign debt has already gone down.

[Abanto] Margarette?

[Grey] Mr. Estanislao, I understand that the government had several plans of further reducing the debt stock. Would you like to discuss this?

[Estanislao] Yeah, Margie. It might be good for me to explain, not only to Senator Paterno and the congressman, but also to our TV audience, that there are really three major elements of the debt strategy that we had formulated by the old negotiating panel. The very first one, which I thought was very successful, was to go into the market, take advantage of the discounts that are available in the market, and buy back our debts. And that was done during the first two days—business days—of this year. I understand that on January 3d and on January 4th, we were able to buy back $1.336 billion. So that stock of debt was extinguished from our books by simply going to the market, buying that stock of debt, and paying half of that level which we were able to extinguish. That was the first step.

The second step, which we were able to do in Tokyo at the end of last month, was to obtain new money for the Philippines. Now this is peculiar new money in that it is new money coming from the commercial banks with a medium and long-term [as heard]. So this is more than 15 years maturity, and we were able to sign in something like $700 million. It's slightly more that $700 million. So that was the second step.

The third step that we would like to undertake, because we still have money available for this debt stock reduction, is to be able to bring down—what Congressman de Venecia I think has been working on and Senator Paterno has been working on—to be able to bring down the interest payments that we have on our commercial bank debt. That is what we call as the debt service reduction. We hope to be able to do that some time during the second quarter or third quarter of this year.

So these are the three steps that were part of the negotiating strategy of the old debt team.

[Grey] Does that mean that you will be starting another round of talks with the creditor banks for the third phase?

[Estanislao] No, there is no need, because that portion has already been taken care of. We have gotten all of the waivers for us to be able to do that, not only for this next step, but also for subsequent use. Because you see, the market for Philippine debt is quite active. And, therefore, we would like to be able to take advantage of that market so that we can get the discounts and use that for the benefit of the country.

[Abanto] Well, trying to look at what you mentioned, Mr. Secretary, and perhaps the members of Congress. Only recently, Senator Paterno, you came out with a bill which is very emotional in terms of, perhaps of, repercussions in terms of the debt strategy of the country, which is clipping the president's powers to contract loans. Perhaps you might want to discuss before the people how would this affect the debt strategy in the forthcoming two years of the president's term.

[Paterno] Yeah. That bill was really to, in effect, limit the president's power. And we are thinking not only of President Aquino but successive administrations. We have been worried that the administration will, you know, keep on piling up debt on debt. And that we have burned already. And we don't want that to happen again. So the bill says, we would like the president first to get approval of the purpose or the use of the debt, the projects for which the loans will be incurred. We would like that the projects to be first approved by Congress. If the project is approved by Congress, then the president can go ahead and get a loan with the concurrence of the Monetary Board, as the Constitution says.

However, where the loans are program loans, in other words *there is no project but,* for balance of payments reasons, the president does not need to go to Congress, she can go ahead and incur those loans. He or she can incur those loans with the consent of the Monetary Board as provided by in the Constitution. It's only in the projects that we want to see the projects first approved by Congress before the loans are incurred for them.

[Abanto] So is it necessary to indentify first the projects before?

[Paterno] Yes. It's necessary first to identify the projects and it's necessary to put them on some list like the Public Works Act, *isn't it,* Congressman de Venecia? The Public Works Act is a long-term [changes thought] ...no, five years is a listing of the projects that will be undertaken for infrastructure over a five-year period, something like that. If it's in the Public Works Act, then the purpose is already approved by Congress. *It can be the subject of foreign loans.*

[Abanto] Congressman?

[De Venecia] Well, I am in full agreement with what Senator Paterno says, that the foreign borrowings should be utilized for projects identified by the national government. The national government, the Public Works Act, is drawn up by Congress in consultation with the Department of Public Works. So obviously, a great part of our official foreign borrowings is for the financing of infrastructure projects. As much as 60 to 70 or even 75 percent is for financing of infrastructure projects. To the extent that these projects are listed and drawn up jointly by NEDA [National Economic Development Authority], by Congress, and passed by the House and the Senate, then I am in full agreement with Secretary Paterno. And I refer to Secretary Paterno because he was secretary for public works for a short while and secretary of trade and industry for a while, and then secretary of petroleum for a while, and now senator of the Republic.

But let me just say that once identified, then we can finance these projects and even if they are in budget B of the budget, in the unprogrammed portion of the budget. But the moment money comes available, budget B projects are funded either by domestic borrowing or by foreign borrowing. But what we would like to say is that in addition to the statement of Secretary Estanislao, perhaps as pointed out by Senator Paterno, there should be greater congressional participation in the debt strategy, debt formulation, and in the [changes thought] ...for example, in the IMF formulation, with adjustments or amendments to it every six months, because this program is being reviewed every six months. We believe that we have achieved some form of legislative-executive consensus through the creation of the joint legislative-executive foreign debt council, which I authored in the House and which Bert Romulo authored in the Senate.

But I believe, in addition to that, we should have constant dialogue between the leaders of the executive department and the leaders of the House and the Senate, and I am happy to note that Secretary Estanislao is inaugurating this new relationship between the leadership of the debt panel and the leadership of the House and of the Senate. And I believe even Deputy Governor Zialcita subscribes to this new emerging arrangement between the executive and legislative departments in dealing with the Philippine external debt.

[Abanto] Margarette, you might want to ask something?

[Grey] Yes. Senator Paterno, let's just make this clear. You're talking about project loans. These are the ones that come under PAP [Philippine Assistance Program]?

[Paterno] Well, to the extent that loans are incurred, whether under PAP or some other program, we would like to see the project and the project purpose first approved by Congress.

[Grey] But at the same time the new money that we just recently signed in Tokyo is basically also a budgetary support. Am I correct?

[Estanislao] That is correct. Under the premises enunciated by Senator Paterno, well, that doesn't have to go through the Congress for the simple reason it is really to give quite a lot of support to the international reserves of the country. It might be useful to specify and clarify the process of the cooperative endeavor between the Congress and the executive branch. There have been some problems in the past, but this is an evolving democracy. So we will have to grow into a process of very clear consensus taken.

Senator Paterno was, all of us were in the executive branch, when this government came into power. And he was very involved in the formulation of the medium-term economic program. I believe that's what the senator was talking about earlier, for the Congress and the executive branch of government to work together on a rolling five-year program. And I think it is such an important document that we will have to get the consensus not only within the executive department but both houses of Congress. And if it is predicated on this rolling medium-term economic program, where there would be very specific listings of which region will get what type of infrastructure projects and therefore where the different types of loans, both domestic and international, would go for financing of which projects, then I think his suggestion would make a great deal of sense. [commercial break omitted]

[Abanto] We're back to our discussion of the foreign debt, and perhaps let's go to statistics and let's go to Deputy Governor Edgardo Zialcita of the Central Bank.

Now, Sir, *the important thing* at this particular time is *how much has the* Philippine Government been paid since the president took over the country's foreign creditors since 1986?

[Zialcita] Well, first of all let me confirm the figure that Secretary Estanislao gave earlier about the level of debt. To be exact, as of December '89, this was about $27.6 billion. And then, compared to end of '86, this was lower than the $28.2 billion. So the level of debt has gone down.

Now in terms of [changes thought] ...well, we have a concept called the debt service ratio. This is really the ratio of the payments you make on your outstanding debt in the form of principal repayment and interest payments. And in 1988 this amounted to something like $2.8 billion. And in 1989 this was about $3.1 billion. These are very big amounts obviously. And roughly, if I remember correctly, the interest portion was about $2 billion for both years. But the ratio itself now is the ratio of debt service burden to exports of goods and services. And in 1989 this ratio was about 25 percent as compared to about 37 percent in 1983. So there has been a very dramatic improvement in the level of the debt service ratio. But it doesn't mean that we are paying less in absolute terms. But just in ratio terms, the debt service burden has eased up somewhat from 1983 to ...

[Abanto] So you consider this as substantial amounts in addressing the debt problem?

[Zialcita] Oh yes, you mean in absolute terms? Are you talking about the ratio or the absolute levels?

[Abanto] Absolute levels.

[Zialcita] Yes, they are very big. There's no doubt about that. But on the other hand, everything has to be taken in perspective. In other words, like even if you use an example in the domestic scene. When you borrow you pay interest. But in the process of borrowing you generate additional income. And with that additional income you are able to pay off your interest. So something like this is being done when you calculate a ratio, you try and relate it to your capacity to repay. And if that denominator has grown also in the process, then even if in absolute terms the debt burden has gone up, in ratio terms, or in relative terms, it has not really gone up. In fact it has improved dramatically.

[Grey] I think what Mr. Zialcita is saying is that we have increased our exports. Right?

[Zialcita] That's right.

[Grey] Tremendously.

[Zialciata] Yes, because the idea behind borrowings, obviously, is one of the reasons if you want to increase your capability to foreign exchange as well.

[Estanislao] Well, also to be fair to the country, if I may interject, is that all of the past restructurings have tended not only to stretch the maturity of the debt, but also to reduce the average interest rate that would be paid on the restructured debt. And it is not known to a lot of people, but a greater percentage of our debt is not owed to commercial banks. It is owed to other governments and other multilateral institutions such as the Asian Development Bank, the World Bank, and the IMF. This is one signifant difference between the Philippines and Mexico. In the case of Mexico, they had a higher percentage of their debts owed to private commercial banks. In the case of the Philippines, it is a much smaller percentage what is owed to the private commercial banks and greater to other governments and multilateral financial institutions.

[Abanto] Yes, congressman?

[De Venecia] Maybe I ought to clarify that also the movement from 1983 to 1989. We used to owe commercial banks—foreign commercial banks—something like about 63 percent. But at the end of '89 it was down to about 46 percent. So a decline of around 17 percentage points. In terms of what he has called the official bilateral creditors, this has gone up from eight to about 24. So these two essentially were offsetting each other. And what it meant was that because bilateral creditors offer lower interest rate, it did have a positive effect on the debt burden. In fact, I could point out that the level of debt to bilateral creditors is higher than the level of debt to another type of creditor—this is called the multilateral creditors. But yet the interest payments on bilateral credit is lower than the interest payments on multilateral credits.

[Abanto] So given all these facts, Mr. Secretary, that our level of payments have improved considerably over the years, *can we say that the international community's confidence in the Philippines* [changes thought] ...have we gained ground since the Marcos years?

[Estanislao] Oh, dramatically. I would like to tell everybody here that one of the very first few cases that we have of a private company in the Philippines being able to obtain new medium *long-term money from the international financial community was approved in the Monetary Board today.* And that I was very happy about, for the simple reason that it signifies the initiation of the [changes thought] ...and the gradual return of the Philippines back to the international credit markets.

As you know, after the assassination of Senator Aquino, there was an outflow of foreign resources out of the country and no one wanted to touch the Philippines. So we were cut off from international financial markets. Nobody wanted to touch us except through that bank advisory committee that we've been dealing with. But one of the very first few cases signalling our re-entry back into the voluntary credit market—and this is through the private sector—was approved by the Monetary Board today. So I was very happy with that.

[Grey] Which one is this?

[Estanislao] Atlas was able to borrow medium and long-term funds from another financial institution abroad, and that was done, transacted very much according to the guidelines. And that was done on a private basis, without intervention of government.

[Abanto] Congressman, given these gains being made by the executive now, how should Congress work hand-in-hand more with the president at this particular time?

[De Venecia] Well, we in the House we have consistently supported the president on the foreign strategy. And we even drew up the 27 options which we incorporated into the law creating the foreign joint-legislative council on how to reduce the Philippine external debt. I believe from my personal standpoint that within two years we should be able to say that we are perhaps about ready to be in a position to really say that we have managed our debt effectively and that the worst is over. The problem would still be of great magnitude, but it would already be [changes thought] ...we will already be in a situation where the debt will not overwhelm us, which was the case in the period of '83, '84, '85, and even up to '86, '87.

[De Venecia continues] As a matter of fact the global debt crisis was such that even I, who is the habitual optimist, felt that the Third World could not pay its external debt. Now there was the U.S. Baker Plan, which did not succeed. Now we have the Brady initiative, which was launched by the United States in consultation with Japan and some of the key countries in Europe. This, the Brady plan, even if tentative, has led to the successful debt reduction programs in Mexico and the Philippines. And I think this will also help Venezuela and help the other medium-term borrowers around the world.

What I'm saying is that in a recent study of the World Bank, they put the Philippines as number one in terms of the ability to maintain significant growth while keeping the inflation levels down at a rate that is controllable. Now the moment you go into double-digit inflation, it is already very difficult to control this problem. If you notice, even countries like Peru even went to as high an inflation rate in excess of 5,000 percent. I think at one time it reached 10,000 percent. Whereas the inflation rate right now in the Philippines, I think, is between 12 to 13 percent.

So I would say that there has been some significant improvement by the Philippines in the management of its external debt. However, I would like to say that perhaps our able debt negotiators now, headed by Secretary Estanislao and Governor Cuisia, with the support of the legislative component in the foreign debt council, which includes us, which includes our friends in the Senate and in the House, perhaps we could address, we could launch more measures for debt reduction, for interest rate reduction, and even for a restructuring of our official debt—both our bilateral debt and multilateral debt. The multilateral debt may be more difficult to achieve. But certainly our bilateral debt can be, the terms can be improved upon. And maybe now that our debt negotiators have brought under control our commercial banking debt, although it is still at about 5.3 or 5.5 billion dollars, maybe they cannot concurrently address new initiatives to reduce, to improve the terms of our official debt, and perhaps fully take advantage of the benefits available under the Brady initiative. Because so far we have launched a debt reduction program through debt buy-out at 50 cents to the dollar. Maybe the second step we should do is to float Philippine bonds in exchange for debt. What they call the debt-for-bond swap, where one dollar can have a [changes thought] ...would have a longer reach in the sense that it would reduce not just Philippine debt by 50 percent, but perhaps by three or four times, depending on the type of U.S. Treasury bills that you buy in the market. So I believe that this is something that the Central Bank and Secretary Estanislao would be focusing on, and certainly our friends in the Senate and we in the House would continue to make serious studies in this area and make strong recommendations to the president through Secretary Estanislao and Governor Cuisia. I believe that this new regime of increasing cooperation between the Senate, the House, and the executive department in the area of external debt can be pursued and can be improved upon. But what Secretary Paterno has suggested, that there should be more consultation, should be done in order that in fact this can be brought about.

[commercial break]

[Abanto] Now, Senator Paterno, what we have to look at is how the people percieve what the government is doing to improve the current foreign debt situation. In the recent surveys conducted, what are the people's reaction in response to what President Aquino is doing? In terms of how they take it, what the government is doing in this respect?

[Paterno] Well, we have been wondering in the Senate *what our countrymen think of the foreign debt, because the numbers are big.* I don't think any one of us can really imagine what $27 billion look like. That's really $500 for every man, woman, and child, including babies just being born. Imagine, $500. So we asked the Ateneo—because they do a survey every six months—in August of 1989 to just include the question of foreign debt. *What do our people know about the foreign debt?* That was one of the first questions. And the result of the survey was like this. *Perhaps a majority of the Filipinos realize that we have a big debt. But not even over 50 percent of the populace know* more or less how much that was. Maybe about a third pinpointed it's over $25 billion. *They were presented with some figures to choose from.* So there is a significant number of people who know that we have a big debt. Much less know how much it is.

Now there was also another question: What do you think would be good? *What should we do with the debt? Should we repudiate it?* Surprisingly, the answers were: *We should not, because we have to pay them. That was very surprising because we thought the people would say: Why should we pay them, it belongs to the Marcos regime?* But I guess they felt *that since it is the nation's debt, then we have to pay. However, they wanted the terms of payment not be too burdensome on the lives of Filipinos.* And so, that precisely is what we would like to convey to our debt negotiators. *The people fear that we just keep on saying yes to what the creditors say. We do not know how to question. We just smile at whatever they tell us and say okay.* So I'd like to toss this question back to Secretary Estanislao. That really the people would like us to be fighting. *We should fight so that it will not make their lives more difficult.*

[Abanto] Well, Secretary Estanislao, I think since 1986 there has always been a provision in the national budget for debt payment?

[De Venecia] *No, no. There is no longer any provision in the national budget.* According to the present laws, the payment of debt is an automatic appropriation. In other words, *whatever is needed to pay the debts*[is] automatically appropriated. Congress need not appropriate it. That is the way it is. So it's not really included in the budget. It's automatically appropriated.

[Abanto] Which means that more money now, Mr. Secretary, is being spent for debt payment rather than the delivery of basic services?

[Estanislao] Well, yeah, of course. If you take a look at any expense in the budget, anything that you spend for a particular project or for a particular sector would, in a sense, be taken away from other sectors. And I've heard the argument that while we are paying our debt, we are not able to build the schoolhouses and the kilometers of roads that we should be building. That is very true if you look at it from that arithmetical standpoint. I want to assure the senator that I'll be continually fighting for the national interest. I have already complained very publicly about the vote of the United States in the World Bank against our energy sector loan. They abstained in order to send us some signals. And I complained publicly and that's, I think, the way how to do it. We have to protect our national interest. But it just so happens also that in this particular survey of the Ateneo, I'm one of millions of Filipinos who agree with the majority that there is a debt we have to face up with. The only thing is that we would like to fight so that the terms of payment would be as good to the country as possible.

I just got an information today that for the first time the American banks have decided to move against Peru because Peru has been in arrears. And so they have gone to court in order to be able to get at certain assets [word indistinct] that Peru has in the United States. Now I do not want that to happen to the Philippines. Neither would I like that situation of Peru, which was cited by Congressman de Venecia earlier, where after an initial drama of high growth for about six months, they really went into a lot of difficulty. Because the realities of the world today, Freddie, are such that no single country can cut itself off from the rest of the world. This is what the communist countries are finding out. This is what China has found out. Even this is what Burma found out after many decades of relative isolation.

[Estanislao continues] So the first decision that we will have to make up for ourselves is, looking at this foreign debt, what do we do? Shall we just turn our back from it, or face up to it? But building bridges in a manner that will gain respect for the Philippines and make sure that we have a lot of international good will that we can bank on and capitalize on.

[Abanto] And in the signing in Tokyo last end of February, this is something which made me proud as a Filipino, Senator. The commentary of all of the individuals who went there to visit just to witness the signing ceremony—and there were several of them who have witnessed a lot of signing ceremonies—was this, that this was the first signing ceremony where it was very clear that the debtor country had maintained and perhaps even improved on the good will that they had with the international financial community.

[De Venecia] Now with the fact that we have improved in good will, *which was absent during the Marcos regime*, Senator Romulo has been consistently pushing for a debt cap. Is it something necessary at this particular time, Senator Paterno?

[Paterno] Well, you know, every time, every time, *they propose the budget, we see the budget deficit.* How much is it going to be this year? 12.7 billion. *Our total debt payment, debt service* is about 80. Of course, not all of that 80 is for the foreign debt. The larger part is for domestic debt. But even then, you know, *Secretary Estanislao was right when he said that we feel bad if we pay the 80 billion and we cannot construct barangay roads, school buildings, health clinics,* and so on. And we really would like to exert maximum effort, even verging on the edge of breaking that good will, to try and get as much as we can. *It's all good will, but nothing goes to the people. The bankers' smiles are not* matched by, you know [changes thought] ...how much were you asking for, Secretary Estanislao, for new money? You were asking for at least 750. *You did not reach the amount, only $700 million. There is good will but no new money.*

[De Venecia] I think *that is not the only thing, Ting.* The original target was $1.4 billion, then it slipped to $1 billion. *And we could not get adequate funds for the gap.* Now it is $711 million. Perhaps the 711 figure is more lucky. This is the figure you signed in Tokyo, Secretary Estanislao?

[Estanislao] That's correct, congressman. When this plan was initiated in March of 1989, the estimate of the negotiators was that we needed something like 1.4. But to be fair to them, precisely because of what Senator Paterno was batting for, they fought so hard in two areas. One in Paris and the other one in Tokyo. They were able to get good terms in Paris that enabled us to save on the interest payments. And then in Tokyo they were able to get much higher levels of commitments. And I'm very happy to report a number of things. Margie is going to accuse me of being an eternal optimist, which means that I will join the ranks of Congressman De Venecia.

But for example, for 1989, we already have improved on the net inflow into the country based on the PAP commitments that were made in Tokyo. The reports that I have gotten is that the commitments for 1989 went to something like $2.44 billion, and with actual inflows, actual cash into the country of 1.3. Now the reason why not all of the commitments could be translated into dollars actually flowing into the country is because we still have to go through the paperwork and the projects, and so on. But the fact is that you have total commitment to the 2.4 billion, and that is a significant increase.

[Paterno] Excuse me, the 2.4 is part of the 3.5 pledged last July?

[Estanislao] Yes.

[Paterno] Okay.

[commercial break]

[Abanto] Back to our continuing discussions of the foreign debt. *The questions keep coming.* And this one is addressed to Deputy Governor Zialcita. How can we repay our debts if our imports are bigger than our exports?

[Zialcita] *In order to put into perspective what has been mentioned earlier, that the commercial banks do not have the* degree of support, *the truth is that there are more foreign commercial banks that helped us to get new money. We need not mention the country. We already know.* And in addition, when you analyze, *the new* *money we got was doubled* compared to that country. On paper *it seems small, but it is big.*

[Zialcita continues] *If the imports are greater than the exports, the tendency is to increase the debt. But the trade deficit, or the broader concept of current account deficit, does not only come from foreign loans. It can also come from foreign investments. Theoretically, even if the imports are bigger than the exports, the debt can still not increase as long as there are more foreign investments. But essentially this is true. That is why our policy is basically to reduce the foreign account deficit and to reduce dependence on foreign loans.*

[Abanto] Margarette?

[Grey] We have increased foreign investments?

[Zialciata] *In '87, '88, '89 the trend was uphill.* In fact, if I still remember my figures, in 1988, close to a billion dollars on a net basis because it also has an outflow. And in 1989, it was close to about $800 million. Slightly lower, but there's a reason for that. Our debt equity program was not as fully implemented, let's put it that way, in '89 as compared to 1988.

[Grey] So what's your projection for 1990?

[Zialcita] *It will be lesser than 1989.*

[Estanislao] It would depend on how active Senator Paterno becomes. He is doing something really good and really innovative on our foreign investments. And I really wholeheartedly welcome the initiatives you have taken, Senator.

[Paterno] Well, do not expect too much because I do not really expect that any law will be passed until about the fourth quarter this year. Congress is like the mills of the gods. They grind very slowly.

[Abanto] Mr. Secretary, [words indistinct] projected something like one billion in new money facility this year to finance the country's economic growth. How do we make up to the remainder now?

[Estanislao] Well, as a matter of fact, we were discussing it for the past few days. How do you finance all of these requirements of the country? There are many ways. Of course, the usual PAP pledges. But the most important thing to my mind, which is not known by a lot of people—and this is not our calculations coming from the IMF, who have technical people who are worrying about the Philippines day and night—they have been calculating that the reflows of money back into the country by Filipinos who have taken them out is averaging for the past three years something like $500 million a year. This is what they in fact have told us. These are very rough figures, but they have been happy to, in fact, inform us that based on their own calculation, Filipinos have been bringing back money into the country—what they call as a reflow—averaging something like $500 million a year. In that regard, what is very critical is for us to win back the confidence of Filipinos. Not only the Filipinos who are here, but also Filipinos who are abroad, to send back money into the country. Because, quite frankly, there were so many who brought out foreign exchange during the crisis years. From 1980 onward there was a tremendous outflow of money out. So one of the tasks of the Philippine Government is not only to quarrel with the IMF or the commercial bankers, but to do something very positive of bringing back whatever money has been taken out of the country, in addition, of course, to foreign investments.

[Abanto] Senator, what's the best way so that the money we brought out of this country during the crisis years be brought back at this particular time?

[Paterno] *You know, Freddie, the inflow and outflow of money by Filipinos, dollars or pesos,* is really an expression of confidence. *If they are confident that the economy is improving and getting more stable, they will return. The money was brought out in 1983 to 1985 by professionals, small and big businessmen, cronies, etc., the persons holding the dollars will return once they are confident that our nation is stable and prosperous.* So that is really a function of confidence. *Now I have one question for Secretary Estanislao.* Why is that in the last two or three months, it seems that the peso became cheaper. It used to be 22.40. Now it's already 22.80. But even worse than that, the black market rate is about a peso or more than the official rate. This would imply that the black market is more active. Secretary Estanislao, what can you say about this?

[Estanislao] We are looking at that very closely. Very carefully we are monitoring the market almost every day. Well, as a matter of fact, not almost every day but every other hour of every day. It is a matter for serious concern because we've seen an upsurge in a lot of speculative activity. We've found that, as you said, the black market rates have gone way out of the BAP [Bankers Association of the Philippines] reference rate, which is the official rate. But what is [word indistinct] concern to me anyway is that there is a buildup of what I would call as the long-term dollar position of the domestic commercial banks. Which means that there is a lot of speculation against the peso. And that is why we have sent out the signals that we are willing to do any and all actions required to fight against speculation and bring everything back to market fundamentals. You cannot talk about a market economy if you are dealing with a lot of speculators. So what is important is that we get not only the confidence that you were referring to, but the decisiveness and the appearance of decisiveness in tackling our economic and financial problems.

[Paterno] I don't know if you will agree to this. *In 1987 we submitted a bill proposing that the stockbrokers* should be a 60-40 operation. Sixty percent Filipino and only not more than 40 percent foreign. I recall that hot money has been moving back and forth to speculate in the stock market. *Now that the stock market had dipped, I am* *concerned that the money entered in 1987, 1988, and 1989* speculating the stock market, speculating a property, *perhaps they are now emerging* not for Filipinos but for speculators from Hong Kong and Taiwan. Secretary Estanislao, don't you think this is a factor in this movement?

[Estanislao] It is a factor, Senator. And I will even add to that. There has been quite a lot of speculation against real estate in this country. And that's why the prices of real estate in major, not only in Metro Manila, but in major cities of the Philippines have gone up rather dramatically. This has been a matter of very serious concern for the monetary authorities of this country.

[Paterno] If you dont' mind, Joe, about two or three months ago, I really suggested to Secretary Jayme, *I think you were not there yet,* that we should do something about this speculation. *Because what happens with speculation? The property prices keep on increasing.* My kids, who are now beginning to form their own families, find the prices of real estate so high that they can no longer afford to live in Metro Manila and they will have to move outside. *I don't think it is right that the youth can no longer have the ambition to own a house in Metro Manila.*

[commercial break]

[Abanto] We're back to our continuing discussions of the foreign debt. Here is a very common question to all of you and it comes from [changes thought] ...one of them is Mr. Ben Prado of Congressional Avenue of Quezon City. The former secretary, Solita Monsod, was advocating during her time selective debt payments for obvious reasons. Is that something that we can handle at this time, Mr. Secretary?

[Estanislao] Well as I said earlier, we have to be very clear exactly what it is that we are trying to do. To my mind, of top priority is the international confidence on the Philippines. Because after all it has a lot of repercussions. For example, the Filipinos bringing money back into the country, that is a signal of international confidence. So having made our minds up about that type of priority, what to me is very critical is the credibility therefore of the Philippine Government. Now the Philippine Government, if it is going to be credible, cannot begin differentiating between different types of (?foreign) debts. You cannot say these types of debts we will pay, these are the types of debts we will not pay. There are other ways of handling it outside of the negotiating table. So if you ask me: Are you in favor of selective repudiation? My sense is no if it means having to do that through the negotiating table. But through legal means, such as what we are trying to do with the Bataan nuclear (paper), well by all means we will pursue that too.

[Abanto] Congressman De Venecia?

[De Venecia] Yes, I agree with Secretary Estanislao. But even if you go through the judicial process, you can only suspend payment of the debt or repudiate a debt if there is a judicial judgement. So it is not if you file a case, you can already suspend payment because you have filed a case. Only if there is a judgement by an arbitration tribunal. If there is an arbitration court in the loan agreement that provided the loan, or in the court where the case is filed, most likely a U.S. court or a European court, or even a Philippine court if they do not challenge the jurisdiction of the Philippine court. Then you can engage in selective debt repudiation, but only after judgement is pronounced. And if it is appealed you have to again wait for the result of the appeal before you can repudiate a debt. So the Monsod proposal is possible if there is a judicial declaration. But I for one cannot support a policy even of a selective debt repudiation because it will mean that the entirety of the Philippine debt under the [words indistinct] provisions will be taken recourse to by the banks. And, therefore, technically the whole Philippine debt of $27.6 billion could be all declared in the code.

[Abanto] Senator?

[Paterno] Well, *there is still a possible source which we have not discussed.* As we know Mrs. Marcos is under indictment, and if there is a judgement that she has to pay back to the Philippine Government certain amounts of money, *that will help a lot.* Because I think we're talking large amounts there.

[Abanto] *Does that mean that this money* will go to the Philippine Government directly or to the country's creditors?

[Paterno] No, *it will go to the Philippine Government because the source of this money is the Philippine Government and not the creditors. That is why we are servicing debts, because many of the incurred debts did not go to the Philippine Government's coffers. They went to the cronies and the private accounts of Mr. and Mrs. Marcos.*

[Abanto] Governor Zialcita, this one question specifically refers to you. [Name indistinct] of St. Paul College. *Can you explain what is debt equity swap?*

[Zialcita] Actually the correct terminology is debt equity conversion. *Let us say the Central Bank is indebted to a foreign commercial bank. This commercial bank can go the Central Bank and ask it to pay in pesos, which it will use to invest in a local company in the Philippines.* So it is a conversion of a CB debt into an equity investment of the creditor to the CB. I don't know whether that's clear enough.

[Abanto] Secretary Estanislao?

[Estanislao] It's very simple to my mind. There is debt, and instead of hanging on to that debt, the bank that owns that debt decides to convert it into equity in the Philippines. And it might be useful for our audience to know that private sector debt to commercial banks, when we took over, there were $2 billion of that. You know how much of that is left now? Much of it has been converted into equity. There are only about $400 million left. And we think that by the end of this year all of that will be gone.

[Abanto] Extinguished.

[Estanislao] Estinguished. And we didn't do anything really except to allow market transactions to go ahead and let those banks sell their debt to anyone who would like to invest in the Philippines. And so a lot of conversion from debt into equity, into investments in the Philippines have been going on for the past two years. And this is one of the significant achievements of the past two years and a half. A lot of debt has been extinguished, Freddie. And you might want to know that in the case of the public sector debt to commercial banks, when we started off it was what? I think the figure was closer to 8.6, 8.8 billion dollars. This is public sector debt to commercial banks. Now, after two and a half years, we're able to extinguish about $2 billion of that, plus the 1.3 that was extinguished in January of this year, and so you're down to something like 5.3 now.

[De Venecia] Mr. Secretary, may I make a suggestion. I authored a resolution in the House, which was passed, asking the Central Bank to relock the window on debt-for-equity conversions. And I had targeted a maximum of $1 billion per year, which is on the high side, because I knew I was dissociating with levels with the Central Bank. [sentence as heard] But I would be very happy to see debt-to-equity conversions at a level of $500 million instead of the present levels of about $180 million per year or $15 million per month. If you look at the single biggest debt reduction in the Philippines and next to the $1.377 [as heard] purchase, it is the debt-to-equity conversion.

Now it has been raised that if we expand the levels of debt-to-equity conversion beyond the present level, this will be inflationary. I had sat down with many officials of the Central Bank and I had meetings with presidents of many commercial banks and I had proposed two years ago to the Central Bank that instead of the Central Bank printing new money in exchange, to pay for the [changes thought] ...to provide the pesos that will extinguish this debt and which pesos will be invested in the Philippine economy. So you achieve two purposes. You reduce debt and at the same time you have an equivalent investment in Philippine pesos in an export industry and a dollar-earning industry, in a dollar-saving industry, in a labor employment industry. But instead of the pesos printing new money, for the Central Bank to pay that with peso instruments, CB certificates of indebtedness of maybe three years, four years, five years, six years, seven years maturity so that the impact is not immediate. And this way we can dramatically effect debt reductions even for public sector debt, of that what is remaining, what Governor Zialcita called about $5.7 billion, and the private sector debt. And at the same time we can dramatically increase the level of the foreign investments in the Philippines and even of domestic investments because these debt papers can be purchased by Filipino citizens. So that if there was $1 billion in investments for the year 1988, a slight reduction in 1987, a slight reduction in '88, and a slight reduction in '89. [sentence as heard] If we increase the level of debt-to-equity conversion at a level that we can jointly agree upon so that it will not exacerbate the inflationary condition, then we can achieve two purposes: Dramatically reduce the Philippine external debt and dramatically increase the level of strategic economic priority investments in the Philippines.

[Estanislao] Well, I happen to agree with Congressman De Venecia and I have had conversations with Governor Cuisia. We have listened to you, Congressman, and we agree with many of the points that you have just made. So we have decided that we are going to pursue the debt-equity conversion.

[De Venecia] Secretary, I had the occasion to discuss this with Governor Fernandez when he was still sitting in office. And Governor Fernandez, while a conservative, is also very creative. And he was willing to consider adjustments, but he wanted to complete the discussions with the IMF because some officials of the IMF are also conservatives. They would not want to push the debt-to-equity conversions. But if you notice, of the 18- to 19-billion-dollar foreign debt of Chile, about three and a half to four billion dollars, which is double that of the Philippine conversions, were extinguished by debt-to-equity conversions. And you can see that the Chilean economy has been expanding for the last five years.

[Grey] Am I correct, sir, in assuming that if and when the CB will resume the swap program, that it would be at the latter part of the year and it would not affect foreign investment inflows tremendously?

[Estanislao] Well, we are committed to trying to do something about it this year. My preference, of course, is that toward the beginning of the third quarter or so we should have a program in place.

[Grey] Why third quarter?

[Estanislao] For the simple reason that we still have to take the next step. It's good. You see we do not want the system both in the Philippines and abroad to be on overload. The next step that we'll have to take is the debt service reduction. We have to cut down those interest payments that we are making on our foreign debt. We just have to do that and that is the next step, and that has got to be done as quickly as we can. After that it's over. Then we can begin doing the debt-equity conversion.

[De Venecia] Are you suggesting, Mr. Secretary, that instead of focusing mainly and solely on debt relief, our next concentration should be on interest rate relief?

[Estanislao] Oh yes, very clearly, Congressman. And we are committed to that and what we are saying is that the sooner we can put the program in place the better.

[commercial break]

[Abanto] Now, Mr. Secretary, we have made considerable progress in terms of reducing our debt, but at the same time this country needs new money within the next two years to sustain whatever program of economic development the president has during the remainder of her term. Do we have the full backing of the international community with this respect?

[Estanislao] I think so. My own perception, Congressman, is perhaps slightly more optimistic than yours. You are anticipating that perhaps after two years we can really be fully in place and can look back and say we've really gotten rid of the terrible burden that we have had to shoulder from the foreign debt that we inherited from the past. My own perception is that towards the end of the year, if we undertake all of these measures that are being called for and the plans that I enumerated to you earlier, the Philippines as a government would be in a position to get back to international credit markets on a purely voluntary basis. I am fairly confident of that because the moment you implement the interest rate reduction on a debt of 5.3, 5.6 billion, that is going to be a fairly light burden and therefore our acceptability in international financial markets would be that much higher.

I just want to remind our audience something that you know so well. There are other countries around us in East Asia that have so much higher levels of foreign debt. Korea, for example, has a much higher level of foreign debt, but nobody has any doubt about lending to Korea. That is because of the credibility of the Korean enonomy. We would like to put the Philippines back into that situation.

[Abanto] Here's a question to everybody, and I think I'd like to direct it first to the deputy governor of the Central Bank. Why can't the government adopt both a debt-to-equity conversion first, and if we [changes thought] ...well it's not very clear. But it says that why don't we adopt the debt-to-equity conversion plan first?

[Zialcita] We have an existing one at the moment so I don't understand the question. So we have adopted a debt-equity, it's ongoing.

[Grey] Perhaps the question is why don't we increase the amount of conversion from $50 million?

[Zialcita] Well, obviously we live within a constraint. So we do program our monetary aggregates and this is a contributory factor and so we have to take that into account in relation to all the others. It's an overall program. And obviously this can only be one source.

[Paterno] *In order to understand this point better, Governor Zialcita,* what is the total amount of the money supply?

[Zialcita] Well, right now when we talk about different concepts, actually we have what is called M3. *Its components are* currency in circulation, demand deposits, savings and time deposits, and what we call deposit substitutes. And the amount at the end of '89 was 263 billion pesos.

[Paterno] Okay, 263 billion pesos. *If this is translated to dollars,* that's only about $12 billion. So, clearly *you cannot convert the whole $27 billion into pesos because* your money supply will multiply three times. *There are more pesos and inflation will be the result.* So the amount of debt that can be converted into pesos *should be rationed so that the money supply will not swell,* so that there is not too much money floating around. Because excessive amount of money is what causes inflation.

[De Venecia] Further to the statement of Secretary Paterno, and I am in agreement with him, *on my part,* $500 million a year is something that we can look at as a target. *This means that we will reduce our debt by $500 million per year and we will have a new investment in the Philippines of $500 million a year, which would translate to about more than 10 billion pesos a year. Imagine how many factories, fishing boats, garment factories, textile mills, and electronics factories could be created. The dollar-earning factories, the labor-intensive factories. If there is some effect in the inflation, there is abundant profit from the other aspects of the economy.* But, of course, Deputy Governor Zialcita is correct also that, you know, the Central Bank has to play within a set of aggregate [as heard]. *What I mean is that the small debt-to-equity conversion, which only amounts to $15 million per year, or a total of $180 million per year or $15 million per month [as heard], could be increased.*

[De Venecia continues] My last comment on Secretary Estanislao's statement: I am glad when he said that we will not go back to the voluntary financial market. This is terrific and I salute them for this development. But for me, if we go back to the competitive voluntary market, that is short-term money. At the maximum that is medium-term money. What we need is the 20-year money, 25-year money, 30-year money, minimum 15-year money if possible.

[Estanislao] Now congressman, we have no problem whatsoever about trade credits today. We can get any on old trade credits. Those are the short-term. So when I talk about a return to the voluntary credit markets, it is for medium- and long-term funds.

[De Venecia] How many years would that be?

[Estanislao] Well, seven years, 10 years, 15 years.

[De Venecia] *Then that's okay.*

[Estanislao] In this connection I may want to tell you about the increasing confidence that we should have in our economy. Since I am now the secretary of finance, one of my responsibilities is to make sure that inflation is down, and that everything is in proper order. Do you know, congressman, that our Bureau of Customs and our Bureau of Internal Revenue for the first two months of 1990 are collecting anywhere between 37 percent to 45 percent of what they were collecting last year? Higher. And I'm very happy about this. For the first two months we're averaging something like 25 billion. So at the rate we're going, we can go up to 150 to 160 billion. At the rate we're going.

[De Venecia] *We need not pay taxes?*

[Estanislao] No, no, no. We still need because we have to keep everything in order.

[Abanto] Well, anyway, it has been a very interesting discussion with you gentlemen. I'd like to thank you, Mr. Secretary, for joining us; Deputy Governor Zialcita; Senator Paterno; and of course, Congressman De Venecia; and my host Margarette Grey for joining us in tonight's discussion of the foreign debt.

NPA Repeats Offer of Truce If Bases Closed

HK2803113990 Hong Kong AFP in English 0907 GMT 28 Mar 90

[Text] Manila, March 28 (AFP)—Communist rebels claiming to have established 36 combat companies nationwide Wednesday repeated their offer of a truce and new peace talks if Philippine President Corazon Aquino ejected U.S. military bases.

The New People's Army (NPA) also offered to link up with "patriotic and democratic forces" to fight the threat of "fascist rule" amid intensifying conflict between the government and right-wing military renegades.

Rebel statements were delivered to news agencies here on the eve of the 21st founding anniversary of the NPA, the armed wing of the banned Communist Party of the Philippines (CPP), on Thursday.

The statements followed a wave of communist attacks and clashes which left at least 22 dead in the run-up to the anniversary, traditionally an occasion for rebel shows of strength.

"We have doubled the number of our company formations from 18 in 1986, substantially increased our firepower, consolidated our ranks and mass base, systematized our command structures," an NPA statement said. The statement gave no further details. A company in the Philippine military consists of about 100 men, while NPA companies are known to be smaller.

Most NPA units are small and mobile, but companies began to be formed in the 1980s to escalate the guerrilla war launched by the NPA on March 29, 1969.

The rebels once claimed an armed strength of about 30,000. The government claims to have reduced the NPA membership to 18,000 in 1989.

Signed by NPA chief Romulo Kintanar, the statement said the NPA was prepared to link arms with "patriotic and democratic forces," including disgruntled soldiers, to fight "fascism and to overthrow U.S. imperialism." Mrs. Aquino survived the sixth and bloodiest coup attempt against her by military renegades last December. The largest U.S. military bases abroad, Clark Air Base and Subic Naval Base, are located near Manila.

A separate statement from the National Democratic Front (NDF), political arm of the CPP and NPA, reiterated an offer of a truce and renewed peace talks. "The NDF takes this occasion to reiterate its offer of a unilateral ceasefire if the Aquino government shows good faith in resolving the people's fundamental problems by declaring the immediate dismantling of all U.S. military bases in the country," it said.

"Such a declaration will be a good starting point so that both sides could, in earnest, sit down to arrive at a comprehensive political settlement of the people's basic problems and move onward towards the attainment of genuine and lasting peace," the NDF statement added.

Peace talks between the NDF and the Aquino government, installed in power by a 1986 military-civilian uprising against the regime of president Ferdinand Marcos, failed in early 1987 after the rebels demanded power-sharing.

Meanwhile, Defense Secretary Fidel Ramos said Wednesday "there has been a steady and substantial decline in CPP-NPA strength in terms of influenced barangays, number of firearms and members."

He told a press conference that the recent guerilla attacks were "almost traditional on the part of the NPA as they approach their anniversary," adding that the military was in control of the law and order situation.

Asked whether there had been changes in the CPP leadership, Mr. Ramos said, "There are no significant leadership changes in the central committee as well as (in) the national organizations under the CPP." "There continues to be an internal power struggle between the hardliners and the so-called moderates in the party," he said.

Mr. Ramos said the hardliners maintain that armed struggle is the "correct method" of changing the government, while the moderates believe in "parliamentary struggle."

As the statements were issued, a soldier and a communist guerrilla were killed Wednesday in a clash near the presidential palace, bringing to 22 the number of people killed in the week before the NPA anniversary.

Three paramilitary troops in a patrol car saw four men painting communist graffiti on a wall near the palace, and chased them until they reached a dark alley where a group of about 10 armed men were waiting in ambush, police said.

Military units were put on maximum alert ahead of the NPA anniversary.

In Nueva Ecija Province, north of here, suspected NPA rebels shot dead on Tuesday two paramilitary constabulary soldiers on patrol in Rizal town, military officials said Wednesday.

Thirteen fresh militia recruits and one of their military advisors were killed over the weekend when they were waylaid by communist guerrillas in the southern island of Mindanao.

In a daring attack, NPA guerillas raided a security outpost in suburban Manila Monday, leaving a paramilitary trooper, a civilian and a guerrilla dead.

Also Monday, suspected NPA hitmen murdered a top Filipino executive of Nestle Philippines following a labor dispute, police and company spokesmen said.

Froilan Pablo, senior vice president of the company, was shot dead by four young gunmen while supervising a tennis tournament sponsored by the firm in nearby Cabuyao town, where he managed a large Nestle plant.

Military Red Alert for NPA Anniversary Denied

HK2803120390 Manila Radio Veritas in Tagalog 0900 GMT 28 Mar 90

[Interview with Armed Forces of the Philippines Spokesman Colonel Juanito Rimando by Radio Veritas anchorperson Henry Umaga Diaz; live—italicized portions in English]

[Text] [Diaz] Good afternoon, Colonel. We should like to know about the red alert imposed by the military because of the New People's Army's [NPA] anniversary tomorrow.

[Rimando] It is not true that the AFP [Armed Forces of the Philippines] is on red alert. I myself was surprised by the news. Perhaps the members of the press misunderstand the meaning of red alert or whether the entire AFP is on red alert. What I know is that they based their report on information from the PC [Philippine Constabulary]. I have not confirmed whether the PC is on red alert, but that is what they claimed. However, it does not cover the entire AFP. Here at GHQ, which is responsible for the imposition of red alerts, no red alert has been issued yet. However, lower units may prescribe alert status or condition in their respective areas of operation or responsibility if it is deemed necessary.

[Diaz] Exactly, Colonel. Newspaper reports claimed that the CPP[Communist Party of the Philippines]-NPA is planning terrorist action in connection with its anniversary tomorrow.

[Rimando] We have received such reports. Based on past experience, the communists always plan activities on such red letter days to mark their anniversary.

[Diaz] What a way to celebrate!

[Rimando] Yes, *it is one way, one of their techniques to make the people aware* of their existence. Now that their movement has declined, we do not discount the possibility of their resorting to such acts to announce that they are still alive and well. All I can say is that they may have weakened, but they are still capable of such terrorist action. However, the Armed Forces, including the police forces, is prepared for such an eventuality. We cooperate with the police to prevent or neutralize such activities. Perhaps that is the reason the Philippine Constabulary is at a higher state of readiness. If the AFP is not on alert, it does not mean that we dismiss the possibility of violence. It simply means that, in our assessment, there is no need for the AFP to be so fully prepared against a much weakened communist movement.

[Diaz] Our reports indicate that a total of 18 persons have been killed in the past five days in Metro Manila. They claimed that the killings may have been committed by the CPP-NPA. Do you have information on this?

[Rimando] The killings are not limited to Manila, but took place all over the Philippines, with the police, military, civilians, and civilian volunteers among the victims. All I can say is that the killing of Colonel Flores and his three companions in Taytay cannot be ascertained to be the handiwork of the NPA because of the different modus operandus involved. The killers used high-powered weapons and had a getaway car. So, our investigators are still looking into the matter. However, the Capcom [Capital Region Command] asserted that the Novaliches and Valenzuela killings, as well as those in Mindanao, were committed by the NPA.

Meanwhile, we continue our operations. We simply do not report on them. Ratio-wise, we also captured and killed many of their members.

[Diaz] Thank you, Colonel, for assuring us.

[Rimando] Yes, I know. I would like to deny the reports of a red alert. I have told our friends at the defense press corps and they admitted that the report came from the PC. You have listeners who can be assured by listening to your station. *We are going to pass through the CPP-NPA celebration tomorrow and we should not be alarmed.*

Constabulary, Police on Full Alert for 29 Mar

HK2803031390 Manila Far East Broadcasting Company in English 2300 GMT 27 Mar 90

[Text] All constabulary and police units are on full alert as a precaution against NPA [New People's Army] attacks by the New People's Army to mark its 21st standing anniversary tomorrow. PC-INP [Philippine Constabulary-Integrated National Police] Chief Major General Ramon Montano also ordered Brigadier General Evaristo Carino, Region 4 PC-INP commander, to conduct an all-out offensive against communist rebels in Quezon Province. According to the AFP [Armed Forces of the Philippines], NPA members are expected to conduct commando type attacks in several parts of the country including urban centers.

Attacks in Manila Linked to NPA Anniversary

HK2703120390 Manila Far East Broadcasting Company in Tagalog 1000 GMT 27 Mar 90

[Text] Brigadier General Alexander Aguirre, Capital Region Command [Capcom] and Metropolitan police force chief, announced that the series of attacks believed to have been carried out by the New People's Army [NPA] may be linked to the NPA's anniversary on 29 March. According to Aguirre, the attacks may be retaliatory actions by the NPA following the capture of 24 of its hitmen and the killing of two of them by the authorities in encounters over the past few weeks.

However, Aguirre stressed that anticrime operations by his men will continue. He also assured that precautionary measures have been adopted in Manila to check a possible terrorist campaign by the communist movement in the city.

Military-NPA Clash in Davao del Sur Kills 18

HK2703135190 Manila Radio Veritas in Tagalog 1300 GMT 27 Mar 90

[Text] Ongoing military operations against the Communist Party of the Philippines-New People's Army [CPP-NPA] have driven hundreds of residents in some barangays in Santa Cruz, Davao del Sur from their homes.

According to DXND-Kidapawan, North Cotabato, fighting between the two opposing sides has been going on since Saturday afternoon, resulting in the deaths of 18 persons and the injuring of many more.

Because of the formidable strength of the rebels, the military is now using helicopter gunships. It believes that the rebels have not been chased out of the province of Davao del Sur.

Army Seizes Rebel Communications Shipment

HK2603105890 Manila THE MANILA TIMES in English 25 Mar 90 p 7

[By Vic Alvarez]

[Text] Zamboanga City—Some ₱3.5 million worth of communications equipment, other electronic gadgets and heavy tires allegedly intended for communist and Moro rebels were intercepted by Army soldiers while in transit along the Bacungan town highway in Zamboanga del Norte.

Col. Renato Garcia, 103rd Brigade commander, in his report to 1st Infantry (Tabak) Division chief Brig. Gen. Cesar Fortuno said a radio message from an unknown vessel was intercepted by Lt. William Abao saying that the contraband items will be landed in the coastal town of either Liloy or Labason Friday night last week.

Garcia said Abao and his men at the 32nd Infantry Battalion, together with police and paramilitary forces immediately positioned themselves at the Bacungan high-way, the route mentioned in the message.

He said the goods were consigned to one Hadji Rasul Sappal of Bacungan town, a known supplier of communications equipment and other goods to New People's Army and Moro National Liberation Front rebels operating in the province.

Garcia said Nasser Hatai, operations chief of the local Economic Intelligence and Investigation Bureau who made the initial inventory speculated that the contraband must have come from either Malaysia or Singapore.

Hatai told the TIMES that the inventory, which was completed in two days, include telephone-base station radio, remote units, linear amplifiers, telescopic and rubber antennas, assorted radio cables, 86 heavy truck tires, 25 Toshiba airconditioning units, battery packs and other imported goods.

He described the apprehended shipment as the biggest this year.

The goods were initially stored at the heavily-guarded Bacungan municipal hall in coordination with Mayor Ruben Jaug.

Garcia said Sappal had sent feelers that he would attack the town hall if the goods were not released to him.

The contraband items were transfered to the Southern Command's headquarters in this city on board two military trucks backed up by V-150 commando for fear of ambush along the highway.

The military will conduct its own inventory, Garcia said.

Thailand

Deputy Minister on Trade Talks With PRC

BK2803095490 Bangkok Domestic Service in Thai 0000 GMT 28 Mar 90

[Text] Yesterday, Deputy Commerce Minister Phinya Chuaiplot, who led a trade delegation representing both the government and the private sector on a visit to China from 20 to 26 March, briefed the cabinet session on the results of the visit. A report by deputy spokesman of the Prime Minister's Office, Likhit Hongladarom, follows:

[Begin recording] Deputy Commerce Minister Phinya Chuaiplot reported that he discussed the expansion of rubber exports with China, and China agreed to import 100,000 tons of rubber from Thailand. China will send officials to Thailand to observe rubber production. It is hoped that this will help alleviate our problems due to the drop in rubber prices.

The minister also briefed the cabinet on Thailand's proposal to sell rice and tapioca to China. As for Thailand's approach to China for cement imports, China agreed to supply Thailand with 1.5 million tons of cement soon. [end recording]

UN Official Views Neutral Refugee Camps Plan

BK2903062190 Bangkok BANGKOK POST in English 29 Mar 90 p 6

[Text] A senior official of the United Nations High Commission for Refugees (UNHCR) last night stressed the need for proposed neutral camps to be free from armed elements and the influence of all parties to the Cambodian conflict. UNHCR representative Pierre Jambor said the Cambodian parties should play no part in the management of the camps or exercise any influence over the repatriation process.

The camps further should be administered under Thai law and be located at safe distances from armed conflict, he said. Mr Jambor spelled out the conditions during a panel discussion on displaced Cambodians held at the Foreign Correspondents Club of Thailand.

Prime Minister Chatchai Chunhawan's proposal envisages the setting up of neutral camps in Thailand as the starting point of a repatriation process when there is a negotiated settlement, his son and adviser Kraisak Chunhawan has said.

Officials said national Security Council Secretary-General Suwit Suthanukun yesterday presented to a special Cabinet meeting a report of the ad hoc committee on neutral camps. Among other things, the report drew attention to the financial problems involved, they said.

There are now an estimated 275,000 displaced Cambodians in six UN-assisted camps along the border separately run by the three resistance groups: the Khmer Rouge and nationalists loyal to Prince Norodom Sihanouk and Son Sann.

The expansion of Khao I-Dang, now holding 15,000 Cambodian refugees, as a neutral camp has been favoured by UN agencies. Mr Jambor said expanding facilities there to house more than 100,000 Cambodians would cost about US$2 million to $3 million.

Kap Choeng District in Surin Province has been mentioned as another possible neutral camp location for the remaining border Cambodians.

Other panellists, Urs Boegli of the International Committee of the Red Cross, Francois Grunewald of Gretz, Susan Walker of Handicapped International, and Phil Chester of Christian Outreach also voiced support for the idea of setting up neutral camps.

Mr Boegli said they would be "desirable in that they would be a tool of protection" towards repatriation for Cambodians who do not feel at ease in their present camps. Mr Grunewald said they would also be an instrument of political leverage to unblock the impasse that currently prevails in peace negotiations. "It is the last chance, the last leverage we have to make some peace in that country," he said.

Miss Walker noted the European Community had expressed strong support for the proposal and urged clarification of the stand of the United States.

She also stressed that repatriation should be open to "inaccessible people," referring to a population in hidden Khmer Rouge camps she estimated to number between 40,000 and 100,000.

First Newspaper for Cambodian Refugees Published

BK2803011590 Bangkok BANGKOK POST in English 28 Mar 90 p 4

[By Anurat Maniphan]

[Excerpts] Site 2—Khmer producing the first newspaper for displaced Cambodians along the border exercise press freedom with some caution as physical retaliation is a feared price of going too far.

"We have never criticised anyone by name," said Sam Vori, editor of the KHMER CITIZEN NEWSBULLETIN. "It is so dangerous in this camp where life is so fragile," he added. He admitted fear of physical retribution, saying "yes, possibly" when asked if a person who had been criticised would respond with violence.

But relief officials maintained that they had seen no open pressure or attempted interference in the publication from camp administrators. "One has to be fair, camp administrators are not used to criticism and they are having to get used to it now," one noted.

The KHMER CITIZEN NEWSBULLETIN is a Khmer-language bi-weekly with a circulation of 20,000 copies. It is produced with funds from the European Commnity channelled through the United Nations Border Relief Operation (UNBRO). The International Rescue Committee (IRC) based in the United States provides a printing press for the operation based at Site 2.

The aim of the publication is to serve as a medium of communication for all the estimated 275,000 Cambodians living along the border, an official noted. "We would like it to be a unifying force for all the border people, regardless of their camp loyalties," he pointed out. [passage omitted]

Whatever the weaknesses in the yet fledgling publication, the Khmer journalists and others present at the "First Press Seminar" here on Monday [26 March] showed a great thirst for information. They voiced open appreciation for the Voice of America (VOA), one participant calling it a "source of knowledge and education."

Besides press freedom, other questions raised at the seminar included freedom of movement, philosophy and source attribution.

The main aims of the KHMER CITIZEN NEWSBULLETIN are to be a "source of information" and to "reduce stress," editor Sam Vori saud.

Results of Saudi Murder Investigation Detailed

BK2803150890 Hong Kong AFP in English 1439 GMT 28 Mar 90

[Text] Bangkok, March 28 (AFP)—The murderers who gunned down three Saudi officials here in early February are members of an international terrorist movement but the killings followed "a business conflict," a senior police official said Wednesday.

Police [Pol] Chief General Sawaeng Thirasawat told a press conference that police believed there were around seven people, including some Arabs, involved in the well-planned February 1 murder of Saudi Embassy officials in south Bangkok.

One alleged murderer, Suchat Herabi, turned himself in to the police Monday and two others, one identified as Suwet Herabi, could be arrested soon, he said.

The police official refused to identify the movement, saying only that it was a "fanatical religious organization" with links in southern Thailand, which is home to a strong Muslim community. He said, however, that the Saudi Embassy officials—two diplomats and a telex operator—had been killed "because of a business conflict" which he refused to describe.

The press here has speculated that the three, who worked in the embassy's consular section, had been killed because of problems related to granting visas to Thai workers in Saudi Arabia. Some 200,000 Thais are working in the Middle Eastern country. Job placement agencies here make a lucrative business in sending workers to Saudi Arabia.

Witnesses have identified Mr. Suchat, 28, a former robbery convict who had been in jail for the last five years, as one of the men who involved in the killings, Pol. Gen. Sawaeng said.

A Thai Muslim living in Pattani, about 1,000 kilometers (620 miles) south of here, had allegedly helped plan the murder and pointed out the victims to the gunmen who killed them, Gen. Sawaeng said.

Thai Interior Minister Banhan Sinlapa-acha assured reporters at the same press conference that the murder suspect was no "scapegoat," adding: "How can he be a scapegoat? Police have been working around the clock to resolve the case."

According to Gen. Sawaeng, the terrorist group to which the suspects belong "is involved in illegal business which provides them with profits used to fund their movement." He refused to indicate what business he was referring to, but said the movement was also believed to be linked to the January 1989 killing here of another Saudi diplomat.

According to Gen. Sawaeng, some of the suspects are Arabs married to Thai Muslim women in the south of the country. He refused to identify where they were from, saying to do so could jeopardize Thailand's foreign relations and national security.

The Saudi charge d'affaires here, Muhammad S. Khoja, who also attended the press conference, said he was "very satisfied" with the progress made by Thai investigating team.

However, Mr. Khoja said that lifting a decision to suspend granting visas to Thai workers for Saudi Arabia, taken in the wake of the February killings, did not depend on the Saudi Foreign Ministry alone but on the entire Riyadh government. He promised to submit a full progress report on the investigation to his government. The diplomat also said that Thai workers in the oil-rich country had never been subjected to maltreatment following the killings, as has been reported in some local newspapers.

Saudi Security Department chief 'Ali Al-'Asari, who was sent here to cooperate with Thai police in the probe, said he was impressed by Thai officials' efforts to resolve this "very complicated issue."

Further Developments in Chawalit Situation

Deputy Premier Post Offered

BK2803135590 Bangkok Army Television Channel 5 in Thai 1230 GMT 28 Mar 90

[Text] Prime Minister General Chatchai Chunhawan reportedly asked permission to call Army Chief and Acting Supreme Commander Gen. Chawalit Yongchaiyut deputy prime minister.

Gen. Chawalit Yongchaiyut told newsmen that he had been approached by the prime minister to join the government after his resignation from military service takes effect. Gen. Chawalit was approached for the offices of deputy prime minister and defense minister. Meanwhile, General Charuai Wongsayan, Army chief of staff, and General Phat Akkhanibut, military inspector general, have also resigned from service. It is believed that Gen. Charuai will be appointed secretary to the defense minister while Gen Phat will be appointed deputy secretary to the prime minister.

Spokesman Comments on Report

BK2803144190 Bangkok Domestic Service in Thai 1300 GMT 28 Mar 90

[Text] On the question whether individuals holding political posts should be elected officials, Government House Spokesman Suwit Yotmani said that this is not necessary if such individuals are specialists who will render continuity to the administration. Suwit said the following to newsmen at Government House this afternoon:

[Begin recording] We should look at the case of former minister Michai Ruchuphan. Then, there was little opposition to his joining the government because he was considered as a law specialist and that he would provide continuity during the transition of government. Continuity is very important.

By the same token, if General Chawalit is invited and he has the desire to join the government, it should be readily apparent that he has this specialist ability in the fields of security and security development in which he has worked for a long time, including his initiation of the "New Hope" campaign in the south, an incomparable person presently. Therefore, his joining the government should benefit the country at large by providing continuity in those fields.

In any event, I cannot say this with full authority at this time because no order has been issued appointing him into the government.

What I had just said was merely my opinion. In the same way, the government listens to the opinions of various student and mass groups. In the democratic system, it is necessary to listen and we are willing to listen to all views, critical or otherwise. [end recording]

Acceptance of Posts 'Confirmed'

BK2903022890 Bangkok BANGKOK POST in English 29 Mar 90 pp 1, 3

[Text] Armed Forces Chief Chawalit Yongchaiyut, whose resignation becomes effective today, will join the coalition government as deputy prime minister and defence minister, it was confirmed yesterday. An order appointing Gen Chawalit to the two key Cabinet positions was being processed by the Cabinet secretary-general, Prime Minister's Secretary-General Panya Singsakda said.

Reliable government sources said a royal command could be expected to be announced tonight. Prime Minister Chatchai Chunhawan, when asked by reporters about Gen Chawalit's joining his coalition in the two capacities, nodded to confirm it, but declined to say when the appointment will become effective. "You'll know it when a royal command is announced." Gen Chatchai said, while excusing himself for not being able to give further details about the royal command.

Gen Panya said Gen Chatchai had approved Gen Chawalit's resignation request.

Gen Chawalit, talking to reporters after a religious ceremony at his Suan Phuttan home, confirmed he had decided to take up Gen Chatchai's offer of the two Cabinet posts. "I have already agreed (to take the offer). But what will actually happen is now the Prime Minister's decision. I have already made up my mind."

"I have tendered my resignation. I have already talked with the Prime Minister about my joining the coalition. I informed him that I would appreciate it if he would see that I will be of benefit to his government," he said.

Gen Chawalit declined to say when his Cabinet appointments would become effective, saying the issue was expected to be public knowledge in a matter of a couple of days when a royal command was issued.

"At the Air Force anniversary party last night (Tuesday night) [27 March], the Prime Minister also teased me if he could call me deputy prime minister. I told him then that he did not have to rush into calling me so," Gen Chawalit said. He confirmed he had been offered the two positions and that his resignation would be effective from today. "By midnight tonight, I will no longer be in the Armed Forces," he said.

Gen Chawalit denied any connection with a group who sought to register a political party under the name of "New Hope Party" for him at the Interior Ministry on Tuesday. "My New Hope project, which is in the South, has no connection with any political party," Gen Chawalit said. He had no plan yet to join any political party.

"The Prime Minister has allowed me to join his coalition as a non-partisan person. I will have to maintain this status because the Prime Minister must consider that I will be able to perform my duty to my best under this status. "I will have to accomplish the duty given to me by the Prime Minister first, before deciding what to do in future."

Asked if he had any plan to join Gen Chatchai's Chat Thai Party, Gen Chawalit said he could not say anything now because he had friends in all 16 political parties.

Asked again if he had any particular plan to help boost the Government's stability, Gen Chawalit again declined to comment. "I have not joined the Government yet. It's not nice to talk now about what I will do," he said. He gave an assurance, however, that he would do whatever he could to enhance government stability so that it would benefit the people. He said he did not foresee any problem with other coalition members in joining the Government, because he knows all of them well.

Asked what he had discussed with former prime minister M.R. Khukrit Pramot when he met the elder statesman at his Soi Suanphlu home on Tuesday, Gen Chawalit only smiled and did not comment.

In his speech delivered at a party thrown for him by senior military officers at the Army Hall, Gen Chawalit said he had made a decision on his future with a heavy heart. He said, however, the decision he had made would be for the benefit of the majority of the people.

Comparing himself to a diamond, Gen Chawalit said he could not sparkle if he was not imbedded on a beautiful ring.

Gen Chawalit attributed his success to the support of his colleagues and subordinates in the Armed Forces and pledged that he would do his best in his future career for the benefit of the country and the people.

Chawalit Explains Resignation

BK2903154090 Bangkok Army Television Channel 5 in Thai 1230 GMT 29 Mar 90

[Text] Army Commander and acting Supreme Commander General Chawalit Yongchaiyut spoke at the Supreme Command Headquarters this morning to a gathering of senior military officers on the eve of his retirement from the military service. He said:

[Begin Chawalit recording] My decision to resign from government service is a decision which concerns the country at large. It was a decision based on the constructive desire for the permanent security of the armed forces. There were no other factors that influenced my decision.

After I decided to resign, I told my friends on several occasions that I had reached a point where I had to decide. That is, after having achieved a degree of success in government service, should I continue to assume responsibilities, and risk causing damage especially to the armed forces? The most important factors which I based my decision on was: Will I be able to carry out my duties in maintaining the security of the armed forces; safeguard national independence and sovereignty, national security, and security of the throne; carry out our plans to create happiness for the poor; and bring about honesty and justice in the course of my tasks? These are the most important factors. Other factors have not influenced my decision. I want my colleagues here to realize this. True, the existing regulations say clearly that I could continue to carry on my duties and tasks. But the most important thing is what I feel in my heart about what I do, whether it is right or not. This is the most important thing. Regulations aside, what we feel in our hearts is what we must give the greatest consideration to. I finally reached the decision that whatever I felt in my heart and whatever it was that could affect me could not have a greater value than the responsibility we have to the country. Therefore, I have decided to accept the duties and responsibilities that could be carried out in accordance with the wish that we have set together. I commend my military colleagues once again. Also, I wish to ask you to convey to every soldier who is not here that he must realize that every drop of blood that is shed on this land means security for the nation and the throne; the more that is shed the greater the security. Thank you for everything.

Suchinda Appointed Successor

BK2903025290 Bangkok BANGKOK POST in English 29 Mar 90 pp 1, 3

[Text] Outgoing Army Chief Chawalit Yongchaiyut is to hand over his duties to his successor, Gen [General] Suchinda Khraprayun, in an official ceremony this afternoon at the 11th Infantry Regiment in Bang Khen. Gen Suchinda was appointed in a Royal command issued yesterday as acting Army chief succeeding Gen Chawalit, according to reliable Army sources.

Gen Chawalit said he did not want a big ceremony to mark his departure, but his subordinates insisted on it. The general said he felt sorry when the time for him to leave the military finally arrived, but he tried to overcome his regret because it had long been his intention to retrie early.

Gen Chawalit said he had asked his successor to continue various projects still uncompleted.

He confirmed that Army Chief-of-Staff Charuai Wongsayan and Armed Forces Inspector-General Phat Akkhanibut also had tendered their resignations. Gen Chawalit said Gen Charuai would join him as defence secretary, while Gen Phat would become deputy secretary-general to the Prime Minister, serving as secretary to a deputy prime minister.

Gen Chawalit said the appointment of his replacements as army chief and supreme commander could be expected immediately after his resignation. Gen Chawalit did not mention his successors by name yesterday, but was reported to have told senior officers who visited him that Gen Suchinda would take over as Army chief while Armed Forces Chief-of-Staff Sunthon Khongsomphong would replace him as supreme commander.

Gen Chawalit added that Prime Minister Chatchai Chunhawan had already received his proposal for the new appointments. He said the question of who should be appointed to fill the other vacancies resulting from the changes at the Army and the Supreme Command would be left to his successors to decide.

Gen Sunthon said yesterday Gen Chawalit would be the only person to say who was to be made new armed forces chief-of-staff. Gen Sunthon also declined to comment on Gen Chawalit's decision to join the Government.

He said he did not foresee any major change after Gen Chawalit's departure because the Armed Forces would continue to follow the policy laid down by Gen Chawalit.

Gen Suchinda also declined to comment on Gen Chawalit's departure and on his promotion. "The boss has ordered us not to make any comment because it could be misinterpreted," he said.

Gen Charuai said he had tendered his resignation since Monday [26 March] but his resignation letter and those of Gen Chawalit and Gen Phat had been forwarded to the Defence Minister at the same time. Gen Charuai added that he would leave his future to Gen Chawalit whom he had worked with for a long time. "I will join the monkhood if the boss decides to get ordained," he said.

Daily on Chawalit's Future

BK2903051590 Bangkok BANGKOK POST in English 29 Mar 90 p 4

[Editorial: "A New Hat for an Old Soldier"]

[Text] After weeks of speculation, any uncertainty surrounding Gen [General] Chawalit Yongchaiyut's political future now seems to have cleared. Pending a royal command which is expected shortly, the army commander and acting supreme commander will shed his military uniform to join the Chatchai administration in the dual political posts of deputy prime minister (responsible for security affairs) and, concurrently, defence minister.

Gen Chawalit's early retirement from military service will effectively set a positive precedent for Thailand's armed services. As recent as less than a decade ago, one contentious issue that intermittently cropped up in the military establishment had been the question of retiring army commanders seeking an extension. The fact that Gen Chawalit chose to quit before his mandatory retirement age to allow upward mobility for his immediate subordinates underscores a favourable new trend that should be followed by other officers.

As and when he formally becomes a part of the ruling coalition, Gen Chawalit should be in a position to draw on his experience and knowledge to assist the Government in the management of both internal and external security affairs. Domestically, a number of security tasks along the country's various border areas still require proper resolution—the Muslim separatism and banditry in the South or the refugee problem on the eastern frontier just to name a few. And externally, what promises to be a complicated, final saga has yet to be played out before peace is restored in Cambodia.

Once he is in the government, Gen Chawalit can also try to use his influence to bring about changes to areas that he might have considered to be wrong. This can represent a real challenge. The general used to comment negatively on unhealthy trends in the country's political system such as vote-buying and other corrupt electoral means; he had also made newspaper headlines by criticising the alleged proliferation of corruption in government circles. In light of his imminent entry into the Cabinet, it will be part of his job to help rectify these negative trends.

Now that Gen Chawalit has decided to enter politics, he should abide by the political game. Enough has been said about the fact that the current Constitution does not prohibit non-elected persons like him to be appointed to ministerial portfolios. In fact news of his impending political appointment yesterday was positively received by various Cabinet ministers. And reaction from opposition MPs [members of parliament] has been conspicuously non-critical.

The crux of the issue, however, centres on the question of political legitimacy. Though Gen Chawalit has the constitutional right to be appointed to dual Cabinet posts, he should directly take part in the electoral process by running for a parliamentary seat—at the earliest opportunity—in order to gain this political legitimacy and win the respect of the public. Whether the general will join one of the existing parties or establish his own party is a matter for himself to decide.

Many of Gen Chawalit's past criticism on the shortcomings of the existing political system are valid. The vast majority of MPs cannot deny that they have managed to get themselves elected to the House through a plethora of unethical means. Neither could the senior politicians in power dispute criticism of growing corruption. It is therefore the collective task of all parties concerned—Gen Chawalit included—to try bringing about reforms before the public becomes more disillusioned than they are now.

'New Hope Party' Submits Application 27 Mar

BK2903063790 Bangkok BANGKOK POST in English 28 Mar 90 p 9

[Text] A group of 21 people yesterday submitted an application to the Interior Ministry to form a new political party. The new party is called the New Hope Party and its slogan is "Peace and Happiness."

Aphichet Khamyindi, former consultant to the Chat Thai Party, who is among the 21 founders of the new party, said the party has about 9,000 members comprising civil servants, police, military and top administrative officials. He claimed 50 MPs have already shown their willingness to join New Hope.

Aphichet, who resigned from Chat Thai last Thursday, said the new party's goal is to solve poverty.

Asked if the party has any connection with outgoing Army Chief General Chawalit Yongchaiyut, Aphichet declined to answer. He claimed he once helped Chat Thai select candidates for the last general election.

Further on Democracy Rally, Aftermath

BK2203014990 Bangkok THE NATION in English 22 Mar 90 p 1

[Excerpts] Between 500 to 700 villagers led by little-known student and political groups rallied at Government House yesterday and later at Chitlada Palace demanding the government return "democracy" to the people.

Barred from entering the palace, the group leaders said they would submit a petition to HM [His Majesty] the King through the Royal Household this morning.

The demonstrators have been rallying at Sanam Luang since Feb 15 when the opposition Solidarity Party staged a major rally to castigate the government over widespread corruption.

Interior Minister Banhan Sinlapa-acha said organizers of the demonstration were seeking to cause public disorder, while the army categorically denied any involvement with the group. [passage omitted]

The group was led by Somkiat Limprasitwong, president of the Students' Ad Hoc Centre mainly comprised of Ramkhamhaeng University students and Samarn Singam of the recently-formed Democracy Council.

Army Spokesman Maj Gen [Major General] Anuson Kritsanaserani said some people thought the army was behind the demonstration. Maj Gen Anuson said that the army had nothing to do with the Student's Ad Hoc Centre or others staging demonstrations against the government. He said that army chief Gen Chawalit Yongchaiyut knew of the public suspicion that the military was behind the anti-government protests and had instructed army intelligence units to monitor the movements of the Students' Centre.

"If the group is found to threaten national security, the army will ask police to take action against it," he said. [passage omitted]

Student Leaders Demand Probe

BK2503025490 Bangkok BANGKOK POST in English 25 Mar 90 p 3

[Text] Ramkhamhaeng University student leaders yesterday demanded an investigation of two military officers who they said were key organisers of the Sanam Luang rally broken up by police on Friday. The students' demand was made to Army Chief General Chawalit Yongchaiyut and Prime Minister Chatchai Chunhawan in his capacity as defence minister.

They also threatened to reveal the names of the officers as well as other people who were allegedly behind the rally if their demand was not met.

Watchara Phetthong and Chatuphon Phromphan, leaders of a Ramkhamhaeng student party called Satchatham, said one of the officers was a major-general attached to the Supreme Command who was promoted from the rank of colonel last year. The other was a special colonel attached to the Internal Security Operations Command (ISOC), they said.

The students charged that the officers were trying to "resurrect the communist ghost". The officers had been given 1.8 million baht from the military secret fund to organise the rally which began on February 15, they claimed.

Police broke up the rally on Friday morning and arrested 15 suspected leaders of the demonstration. Some 600 demonstrators were sent back to their home in the provinces.

Watchara said the two officers and members of the controversial Sapha Patiwat—Revolutionary Council—headed by former communist leader Prasoet Sapsunthon had tried to recruit Ramkhamhaeng students including Satchatham members to conduct political activities.

Watchara said about 10 Ramkhamhaeng students had become "tools" of the self-proclaimed Sapha Patiwat in return for money, but the majority of Ramkhamhaeng students opposed it. "Some of those arrested on Friday claimed to be from Ramkhamhaeng's group of Task Force of Students of Thailand.

"This has destroyed the image of the Ramkhamhaeng students as a whole. "Such an organisation has never existed in our university," Watchara said.

He said the two officers, who he said were close to Prasoet, had been trying to interfere in student affairs and using money to disrupt the country's democratic process. The student leaders added that the Satchatham Party was opposed to Gen Chawalit's joining the Government.

Editor Praises Dispersal

BK2403011890 Bangkok THE NATION in English 24 Mar 90 p 10

[Editorial: "Representation"]

[Text] The Bangkok Metropolitan Administration did the right thing yesterday in evicting demonstrators at Sanam Luang who had been rallying without a permit there since Feb 15. With efficient cooperation from the police, the eviction and the arrest of 15 leaders of the rally was carried out quickly and without violence.

As it turned out, some of the rally leaders were members of the shady Sapha Patiwat movement, which calls for a "peaceful revolution" that would return "democracy" to the people. A few of them had been arrested earlier for creating similar public disturbance and their cases are still pending in court. Now that the leaders are in police custody, it shouldn't take investigators long to find out who was backing them. The financier should also be brought to justice, because without secret financial contributions, the rally couldn't have dragged on for over five weeks.

Punishing the backer will make other potential agitators think twice before resorting to creating public disturbances and political confusion as a means of furthering personal political ends.

By "returning democracy (or power) to the people," the demonstrating leaders meant a dissolution of Parliament, because in their minds, none of the present elected MPs or appointed senators truly represent the public. In order to bring about genuine democracy, according to Sapha Patiwat, a new national council of elected representatives of people from a wide number of occupations would have to be formed. Their emphasis, if they were serious about what they were saying, seemed to be on representation. Their simplistic argument was that only those who truly represent the people could create a genuine democratic policy.

But those organizing the Sanam Luang rally could hardly claim to be speaking for, much less working for, the people. In order to boost their dwindling ranks, they lured dozens of innocent rural people from several provinces into Bangkok, promising them a free sightseeing trip and a chance to find some goods jobs. Instead they were led to join the rally and camp out at Sanam Luang.

Ideally, each of us should play as big a part in government as possible. Direct democracy is possible, at least in theory, in a small city state or township. But in a large country like Thailand, indirect democracy—that is, representative democracy—is the best alternative. Again in theory, every group, every occupation, every class, etc., should be adequately represented. But in practice, equal representation is impossible.

This doesn't mean genuine democracy is impossible when representation is imperfect. What really counts is to have voters freely elect qualified people in a fair election and for the representatives, regardless of their background and personalities, to speak and work for the people.

Paper Backs Strict Antinarcotics Visa Measures

BK2903112990 Bangkok THAI RAT in Thai 29 Mar 90 p 3

[Editorial: "Thailand's Legitimate Right"]

[Text] Narcotics suppression efforts against the cocaine mafias in Colombia and in the United States have been widely publicized. The drug traders have become wealthy and well-equipped with weapons, and have dared to fight against the state authorities. Heroin trafficking, for which Thailand is believed to be a major export base as a springboard to the world market, has not decreased in the least. Worse still, drug trafficking methods have become even more challenging with the revival of trafficking by small groups or individuals.

It is noteworthy that, according to international police records there are many heroin export bases in the world. Heroin produced in the Golden Triangle—the area linking Thailand, Laos and Burma—is exported through Bangkok to the world market. Other major heroin production bases in Asia use Pakistan and Turkey as major export bases. Notwithstanding heroin trafficking to the European market or to the United States, Bangkok remains the largest export base due to the fighting in Afghanistan and the conflict in the Middle East.

It should be noted that there have been many changes in methods of heroin trafficking from Bangkok to the world market, probably because trafficking using the older methods has been heavily suppressed. Drug traffickers have therefore adopted new techniques by sending many tourist groups to smuggle heroin from Thailand using various methods such as concealing it inside other exported goods and even hiding it in the anus in capsules. The most striking feature is that the number of Nigerians sent here to smuggle heroin from Bangkok tops all other nationalities. In just the past few months, more than 100 Nigerian tourists have been arrested as heroin traffickers.

Other nationalities must also be involved in the international heroin trafficking business. A Yugoslav tourist who was recently found dead in Bangkok with broken capsules of heroin hidden inside his anus is a good indication of this. This leads one to believe that there must be many other cases that have gone undetected by Thai authorities. Without first-rate spying, it would be very difficult to catch them.

We therefore fully support a proposal by the Foreign Ministry that very strict measures be imposed before granting Thai entry visas for Nigerians or any other nationalities considered having extraordinary involvement in heroin smuggling, which is hazardous to the health of mankind. If necessary, there should also be a visa requirement for who at present can enter Thailand without a visa.

It should also be noted that such a measure to suppress heroin smuggling could also be used as an important weapon by Thailand in negotiating bilateral problems with other countries, particularly a superpower that has often threatened to cut trade ties with Thailand.

Press Reports Fiscal Year Budget Surplus

BK2403041890 Bangkok THE NATION in English 24 Mar 90 p 15

[By Sam-ang Wutthisaksathit]

[Text] In the first five months of this fiscal year, the government's budget revenue exceeded its target by Bt [Baht] 30.2 billion or 27 percent, mainly because business tax revenue reached Bt33.58 billion, 44 percent more than expected.

By the end of February, government expenditure, including payments on debt was Bt124.01 billion, while overall revenue was Bt144.84 billion, a surplus of Bt20.8 billion.

The surplus, which boosted the government's Treasury Reserves to yet another all-time record, was achieved despite a shortfall of 8.57 percent in oil and gas excise revenue, whose Bt15.01 billion total was less than expected because of the government's decision to cut the tax and freeze retail prices despite a rise in import costs.

Finance Ministry officials, led by Suphachai Phisitwanit, ministry spokesman, said yesterday the figures suggest that by the end of the year the government budget could yield a surplus for the second consecutive year, despite deficits planned for the budget at the beginning of the October-September fiscal years.

A senior Bank of Thailand official also announced yesterday that the country's foreign exchange reserves had also reached another record, at US$11.8 billion (Bt305 billion), equivalent to five months' imports, considered a healthy level. Assistant Governor Wichit Suphinit attributed the increase to a rise in foreign exchange earnings in the services sector, which includes tourism.

The current account, which covers imports and exports of services as well as goods, was in deficit by Bt18 billion, but the balance of payments, which adds capital inflows and outflows to the current account, was in surplus by Bt38 billion.

In February alone, there was a surge in capital inflows to Bt40 billion, much of it attempting to beat the approaching reimposition of withholding tax on interest payments on foreign borrowings.

The normal rate of inflow is Bt10-15 billion per month and February's surge added to the amount of cash splashing around in the economy. Yesterday, the Bank of Thailand sold Bt15 billion—the total subscription—of its new bonds, absorbing an equivalent amount of money from the system.

The Government Savings Bank had subscribed Bt5 billion of the bonds, and Bangkok and Thai Farmers banks accounting for another third. The central bank was originally authorized to issue up to Bt30 billion.

The tightened money supply ended the record slump in bond repurchase interest rates which had stood at about 2 percent for a week. The rate jumped to about 8 percent yesterday. The interest rates banks charge each other on short term loans also rose—the overnight interbank rate rose from about 3-4 percent to 10 percent.

Money market analysts said there was still plenty of money in the economy and recommended that the central bank should issue some more bonds. But they said the interest rate should be higher than the 9.125 percent offered with yesterday's issue—considered a low rate, but one that the commercial banks had to accept because they are required to possess bonds worth 16 percent of their deposits in order to be eligible to open new branches.

Previously, because of the inadequate supply of bonds, the authorities had overlooked this requirement. Banks generally held bonds worth 12-13 percent of their deposits. The latest purchases are thought to bring the holdings to 12.5-13.5 percent of deposits.

The Finance Ministry officials' confidence that the year will end in surplus is based on tax collection trends at the main departments concerned. The Revenue Department, the main revenue-earner, collected Bt59.17 billion in the first five months of the year, 45.22 percent more than planned. The Customs Department collected Bt34.67 billion, 13.08 percent above target. The Excise Department only collected Bt30.95 billion, 0.60 percent or Bt188.1 million below target.

The Excise Department has lost about Bt1.4 billion per month as a result of the government's decision to cut excise tax in order to keep oil and gas retail prices constant while preventing a drain on the Oil Fund, normally used as a price-stabilization mechanism by subsidizing or taxing petroleum products. The overall budget position has increased the government's Treasury Reserves to yet another record—Bt63.28 billion.

The government's decision to increase civil service pay on April 1, at an additional cost of Bt6.7 billion over 12 months, will be drawn in advance from the Treasury Reserves, under legislation which empowers the finance minister to do so. The move had to be submitted to the Cabinet for approval because the government is required by law to budget repayment to the Treasury Reserves in the next fiscal year.

The salary increase is likely to add 13 percent to government expenditure in fiscal 1991, with pensions adding another 10 percent, the officials said. Originally they had expected the government would prefer an alternative proposal—to pay one-month bonuses and other measures designed to discourage the brain drain to the private sector.

Vietnam

AFP Reports 'Hardliners' Strengthened in Plenum

BK2903093290 Hong Kong AFP in English 0910 GMT 29 Mar 90

[By Jean-Claude Chapon]

[Text] Hanoi, March 29 (AFP)—Vietnamese hardliners opposed to changes sweeping socialist nations scored a victory with the ouster of the reform-minded Tran Xuan Bach from all top party posts, analysts here said Thursday [29 March]. Mr. Bach was kicked off the Politburo and the Central Committee Secretariat of the Vietnamese Communist Party during the eighth party plenum, which ended two weeks of work here Tuesday. He had argued that it would be "irresponsible" for Vietnamese Communists to be "indifferent" toward the process of liberalization unfolding in other socialist nations, especially among its former allies in the East Bloc. But he was charged with "serious violations" of the party's organization and disciplinary principles and was stripped of his authority by the plenum, which devoted much of its time to analyzing the events in Eastern Europe.

The Central Committee's resolution said that despite "the crisis in socialist countries," it was necessary "to hold firmly to the goal of the march toward socialism." The resolution reiterated the party leadership's determination to find a "Vietnamese-style" solution to the problem of change by restoring the party's badly dented credibility. "It's a victory for the conservatives, who have gone a leg up on the liberals," said a Western diplomat, adding that the hardliners were "leaving this plenum strenghthened." But the envoy warned that "this win risks being a costly one as Mr. Bach could become a martyr, and his ouster might be viewed badly among young people, for whom change is becoming urgent." The diplomat noted that Mr. Bach had expressed his reformist ideas particularly in youth-oriented publications. Mr. Bach had urged a greater "homogeneity" between political reform and the economic reforms already underway here since the watershed sixth party congress of 1986, when he was inducted into the Politburo.

News of Mr. Bach's removal came with a rapidity and wealth of detail not customary here and constituted another "severe warning to liberals who might be tempted to stray from the official line," a Western analyst said. He said the hardline push would especially put pressure on Foreign Minister Nguyen Co Thach, a Politburo member, "but his diplomatic competency is crucial to Vietnam at the moment, notably to handle the Cambodian issue." Mr. Thach recently said that "economic reforms and political reforms are two sides of the same coin."

Vietnam invaded Cambodia in December 1978 to overthrow a Marxist Khmer Rouge regime backed by China and to install a client government in Phnom Penh. Hanoi said in late September that it had withdrawn all its forces, after a decade of fighting a Khmer Rouge-dominated guerrilla coalition opposed to the Phnom Penh Government, and has of late been engaged in finding a diplomatic solution that does not harm its interests. China, main backers of the powerful Khmer Rouge guerrilla forces, "will not be indifferent to the crackdown by Vietnam's hardliners," the analyst said. Of late, Hanoi has been repeating its desire to improve ties with China, its northern neighbor. Relations have been deeply strained since the two nations clashed in a brief but bloody border war in 1979 that China launched "to teach a lesson" to Hanoi for having toppled the Khmer Rouge.

NHAN DAN Comments on Renovation Process

BK2903055190 Hanoi Domestic Service in Vietnamese 2300 GMT 28 Mar 90

[29 March NHAN DAN editorial: "Let the Entire Party and People Step Up the Renovation Process in All Fields"]

[Text] The eighth plenum of the party Central Committee discussed and resolved numerous problems of great importance to the process of renovation and development of our country in the current situation. In the international arena, many socialist countries are enmeshed in a comprehensive and most critical crisis never seen before, which has had a direct negative effect on the world revolutionary movement. The imperialist and reactionary forces are intensifying their intervention and sabotage of carrying out peaceful evolution. The struggle to defend and develop socialism is proceeding fiercely.

In our country, the renovation process has achieved important results over the past more than three years, proving that our renovation policy and steps are correct. However, there remain many difficulties and obstacles. Our country has not extricated itself from the socioeconomic crisis, and in the renovation process, new contradictions will crop up. We must be really sharp in order to detect them and remain extremely alert in order to promptly overcome them.

In view of the current situation, our party's attitude is to calmly and confidently draw lessons for use as guidelines for action and to concentrate all efforts on continuously advancing the revolutionary cause. As the eighth plenum of the party Central Committee clearly pointed out, the duty of our entire party and people at present is to comprehensively step up the renovation process in accordance with the resolution of the sixth party congress and other resolutions of the party Central Committee and Political Bureau, to consolidate and develop past successes, to resolutely overcome shortcomings and weaknesses, and to promptly resolve pressing issues, thereby making our people's process of building and defending socialism increasingly consistent with the objective law and realities in our country and more fully developing the superiority of the socialist system. Firmly maintaining political, economic, and social stability, first and foremost political stability, is a matter of extremely important significance in the current seething and complicated situation. This is a task that each citizen and party members must clearly realize to shoulder his share of responsibility.

From past to present, the relations between our party and people have always been very close and have become a tradition and a decisive factor in the success of the revolution. The people's confidence in the party and socialism is an extremely valuable asset. All causes, especially those stemming from subjective shortcomings and errors, that result in the lessening of this confidence and hurt the party-people relations should be promptly overcome.

Proceeding from their sense of responsibility and mastery, their trust in the party, and their wish to see the party shaping up and renovating its leadership to take the country forward, large sections of our cadres and people have contributed numerous constructive opinions to the draft program of the eight plenum of the party Central Committee. The resolution on strengthening the relations between the party and people, bringing into play the people's right to mastery, and accelerating the process of renovation just adopted by the eight plenum of the party Central Committee has responded to that trust and wish. Elaborated on the basis of an objective and correct assessment of the status of the party-people relations, and using novel guiding viewpoints, the resolution set forth concrete tasks and practical measures to renovate the entire mass mobilization task of the party. This was done with the ultimate objective of highly developing the people's right to mastery, further cementing close relations between the party and the masses, and mobilizing the people's strength for the cause of renovation. Along with the previous resolutions of the party Central Committee, the resolution of the eight plenum of the party Central Committee constitutes a concrete program of action for our party and people for the period ahead.

Our entire party and people firmly believe in the affirmation of the eighth plenum of the party Central Committee: Socialism will certainly overcome the trial, step by step surmount difficulties, and continue to march forward. Although the struggle of the world people for peace, national independence, democracy, and social progress is facing many difficulties, it will certainly continue to develop; no force can check its advance. Our people's renovation process is enjoying new favorable conditions, but it is also facing many new trials. Our party and people have all the determination, fortitude, ability, and intellect it takes to overcome difficulties and gradually build a bountiful and happy life for the people and to turn Vietnam into a prosperous and powerful socialist country.

Editorial Comments on Building of Youth Union

BK2803101990 Hanoi Domestic Service in Vietnamese 2300 GMT 25 Mar 90

[NHAN DAN 26 March editorial: "Build the Ho Chi Minh Communist Youth Union into a True Backbone of the Young Generation's Revolutionary Movement"]

[Text] In the country's renovation process in general, the Ho Chi Minh Communist Youth Union has in recent years adopted policies to renovate its operation to enhance its organizational capacity; mobilize youths for productive labor, study, and national defense; and at the same time, care for and protect the young generation's legitimate interests. The union has tried hard to gradually close the gap between union organizations and the youths, consolidate their grass-roots organizations, and improve their activities along the lines of democracy. Some emulation drives for productive labor, study, and maintenance of public order and security have won the youths' acceptance. The union has also paid more attention to organizing cultural, sports, and healthy recreational activities to meet the youths' spiritual needs.

One concern is that the union is still unable to launch a movement for youths to participate in renovation. Its influence over youths is limited in scope. The material and spiritual interests of youths and their yearning for a decent life and democracy—which act as incentives for the youth movement—have not been cared for, respected, and protected on a regular basis. Instances of youths feeling reluctant to join the union and union cadres not being in a mood to work have been increasing. The union's activities are still heavily characterized by bureaucratism and officialism, and they are far removed from the realities of life of the young. The deterioration of union organizations at the grass-roots level, especially union chapters, has not yet been checked.

Renovating the party's leadership on youth-related work and the building of the youth union are important tasks in the renovation of the party's mass-related work. As far as these tasks are concerned, it is necessary to realize the principle of ensuring party leadership over youth-related work through lines, policies, and major orientations in union activities. Also, we must exercise leadership over the administration in the promulgation of systems and policies designed to create conditions for youths to discharge their obligations, meet cultural needs, and enjoy their interests which include employment, study, vocational training, higher income, and the promotion of talents. It is necessary to minimize negative social phenomena having an adverse impact on the psyche and sentiments of youths, and to create a healthy social environment for the development of dignity. While their pressing needs are being attended to, youths should be taught socialist ideals, revolutionary traditions, and a healthy life-style. The party's mass-related work at present requires that we struggle against bigoted, conservative, and patriarchal tendencies in order to build trust among the young, entrust them with responsibilities, and respect their right to mastery.

Yearning for renovation, disapproving an economic life replete with difficulties, despising negativism and violations of the people's right to mastery, and wishing to bring prosperity and happiness to the country are our youth's characteristics today. Consequently, youths are deeply attached to the party's renovation process. On the other hand, because of different causes arising from the complex domestic and international situation, the youths' confidence in the party and in socialist ideals have weakened. The number of youths violating the law, engaging in illegal business and social vices is increasing. This concerns their families and society. In this situation, the youth union must renovate itself to catch up with the young generation's rapid development and become a political nucleus for the youth movement throughout the country. To grasp the realities of the movement, the union should understand youths in all their diversity to introduce suitable work programs for them. This will enable them to participate in the country's renovation and act as representatives of youths in exercising their right to mastery by joining the country in caring for and meeting the legitimate interests of youths.

Sanctions Against 'Corrupt' Cadres Increase

BK2803084290 Hong Kong AFP in English 0801 GMT 28 Mar 90

[Text] Hanoi, March 28 (AFP)—A growing number of "corrupt" Vietnamese Communist Party (VCP) cadres are being penalized or stripped of leadership duties in what appears to be the first harbinger of a purge, desired for some time by a number of official sources here. The official press and the party organ NHAN DAN in particular report daily on further sanctions against "apparachiks," usually in the south, dismissed from political or administrative posts before being brought to trial.

The sanctions coincide with an important meeting of the VCP Central Committee during which members are analyzing the recent reformist trend in other socialist countries, notably in Eastern Europe, and its impact on Vietnamese politics. Leaders here have said repeatedly that Vietnam will resist such a course but that the unquestionably discredited VCP must be "democratized" and invigorated to maintain its "leadership role." These latest sanctions began with a press report earlier this month that a brothel on the outskirts of Ho Chi Minh City had been closed, after authorities learned that "nearly 100 party cadres" were protecting and patronizing the establishment. This revelation led to the dismissal of Ho Chi Minh City's police chief and one of its municipal counselors.

NHAN DAN reported a variety of sanctions Wednesday [28 March] against party cadres in another southern province, Kien Gang. The cadres are accused of abusing power, diverting public funds and having "systematic illegal sexual relations." Among Kien Gang's accused are the provincial commander in chief of the army and his deputy, who NHAN DAN said "degraded themselves further and further, despite advice and comments from party organizations." Numerous officials have called in recent weeks for stronger measures against "corrupt cadres", who exist in significant numbers, sources close to Vietnam's leadership reckon. One source, commenting on "decadence" in the party, said a "vast purge" was "inevitable, in order to avoid unrest."

Vo Chi Cong Letter to Militia, Self-Defense

BK2903100990 Hanoi Domestic Service in Vietnamese 1400 GMT 27 Mar 90

[Council of State Chairman Vo Chi Cong's letter to militia and self-defense forces; no date given—read by announcer]

[Text] Dear comrades: On the occasion of the 55th traditional festival of the militia and self-defense forces, 28 March 1935-28 March 1990, and on behalf of the party and state, I would like to convey my congratulations and warm regards to cadres and combatants of both sexes in our militia and self-defense forces, comrade war invalids, and surviving families of fallen militia and self-defense force soldiers.

The militia and self-defense forces belong to the masses' military organization. Under the leadership of the Communist Party of Vietnam, this organization came into existence and grew along with our people's revolutionary movement. When they were first established, our militia and self-defense forces were called red self-defense units during the Soviet-Nghe Tinh movement and then red worker-peasant self-defense units in 1935 when the first party congress was convened. Those organizations have now developed into powerful militia and self-defense units.

With regard to the glorious struggle for national liberation and reunification and the task of building and defending the socialist Vietnamese fatherland, our militia and self-defense forces have, due to their important strategic role, demonstrated the effectiveness of the all people fighting the enemy movement and have successfully fulfilled all tasks, thus proving themselves worthy of the party's and people's confidence and love. By remaining attached to their home villages and by living, fighting, and working with the people, our militia and self-defense forces have built and developed a fine tradition of loyalty to the fatherland, the nation, and the party-initiated revolutionary cause; have performed combat duty in a stalwart, brave, active, and resourceful manner; have closely coordinated their actions with other armed forces; and have played a vanguard, exemplary role in productive labor. On this glorious traditional festival, I warmly commend our militia and self-defense forces for their efforts and great, comprehensive achievements over the past more than half a century.

Dear comrades: In order to positively contribute to the renovation undertaking, socialist construction, and national defense in the new situation, efforts must be made to build and improve the quality of our militia and self-defense forces in all fields, first of all in the area of political education. In this way, conditions will exist for our militia and self-defense forces to stand ready to join hands with the other armed forces and the entire people in effectively maintaining political security and public order and safety, and in firmly defending the socialist Vietnamese fatherland. It is my hope that party organizations at all levels, administrative organs, mass societies, and all people will strive to further build and consolidate the militia and self-defense forces. Let cadres and members of the militia and self-defense forces make greater efforts in studying and training so they can remain forever worthy of venerated Uncle Ho's praise that the militia and self-defense forces form the entire nation's strength, are invincible, and serve as a steel-like wall for the fatherland, and that no matter how aggressive the enemy may be, if he hits this wall, he will certainly meet with defeat. My cordial and determined-to-win salutations.

Reports, Commentary on War Veterans Association

Radio on Plans

BK2803053090 Hanoi International Service in English 1000 GMT 27 Mar 90

["Report on the Vietnam War Veterans Association"]

[Text] During decades of struggle for national independence and freedom, millions of Vietnamese people joined the Army and many of them laid down their lives for this cause, while a large number of them have returned to their normal lives as farmers, blacksmiths, or simply as fathers to train and educate children or repair their houses after years of absence. Having demobilized, those former military men continue their activities in party or Ho Chi Minh Youth Union committees or mass organizations in their local areas. However, they still need a special organization for those who once took up arms to defend the country. Stemming from this desire, preparations for the setting up of such an organization have been under way since the early days of 1990. This is a mass organization affiliated to the Vietnam Fatherland Front and under the guide of the Communist Party of Vietnam. The association will be officially set up in mid-May 1990. By now, a temporary executive committee with 30 generals has been set up to prepare for the association coming into being, and for its first congress.

Senior Lieutenant General Song Hao, the association's temporary chairman, said: As a war veteran and a senior officer, I think that the association has the duty to preserve revolutionary virtues and help the younger generations understand the revolutionary traditions of the Vietnam People's Army. Asked about the total number of war veterans in Vietnam, Mr. Song Hao said: For the past 30 years, there have been no statistics about this figure available. Maybe once it is established, the association can form an exact number of its members, but it must be millions.

The association's temporary executive committee includes a senior lieutenant general as chairman, a senior lieutenant general and two lieutenant generals as vice chairmen, and Major General Huynh Dac Huong as secretary general. The association will have its subcommittees in provinces, towns, districts, villages, and wards. Those who are willing to join the association are admitted, and the supreme authority is its plenary congress or representatives congress. Temporary Secretary General Huynh Dac Huong said: The association's draft statute stimulates that it will cooperate with international war veterans associations to combat aggression and for the preservation of peace and consolidation of friendship among nations. The Vietnam War Veterans Association hopes to have close relations with all its counterparts and individuals in the world and to join efforts in the common cause of peace, national independence, and social progress.

Report on Provinces

BK2903095890 Hanoi Domestic Service in Vietnamese 1430 GMT 28 Mar 90

[Text] Quang Ngai and Binh Dinh provinces and Da Nang City, Quang Nam-Da Nang Province, have set up war veterans associations. The war veterans association provisional executive committee of Quang Ngai Province comprise 10 members and is headed by Captain Nguyen Thach, while Binh Dinh Province has 17 members headed by Major General Mai Tan. Da Nang City has 19 members and is headed by Colonel Duong Loan. At present, these committees are helping districts, towns, and subwards set up associations at the grass-roots levels. They are also helping prepare for the election of official executive committees to be held in April 1990.

'Loyal Opposition' Viewed

BK2603012990 Bangkok BANGKOK POST in English 26 Mar 90 p 4

[By Alan Dawson]

[Text] The loyal opposition to Hanoi's Communist Party is neither a political party nor a dissident group. It's a collection of Vietnam war veterans who disagree over the way the country is run, but agree that communism is the right system to do it. As in the army that once was their life, the men of the Vietnamese Veterans' Association are officially charged by the communist party "to safeguard the gains of socialism." Led by generals who were effectively drummed out of their former, senior Party roles, the group existed for years by thumbing its nose at government and security men appalled by their vocal opposition to many communist policies. In those days, it was simply called "The Club," and over the years several of its members became increasingly outspoken.

Earlier this month, in a combination of capitulation and openness, Hanoi authorities made The Club a legitimate, chartered organisation. Although formal founding of the group will take a few months, The Club was well prepared for legal recognition and has appointed a provisional executive committee. The committee represents some cream of the crop of the army that spent 30 years extending Communist Party power from China to the South China Sea. Its top four officers all were three-star generals who reached the very top echelons of the Communist Party before their fall to the rank of citizen. The group's chairman is Song Hao, a logistics genius generally credited with both the idea and implementation of the Ho Chi Minh trail. The almost incredible series of roads, trails and jungle paths through Laos kept communist forces in southern Vietnam supplied during the American Indochina war. Nguyen Don and Le Hien Mai, who also were members of the Communist Party Central Committee for years when they were People's Army lieutenant generals, were highly capable troop commanders who served long tours with North Vietnamese Army regulars in the south. They are vice presidents of the association.

The best-known among The Club's top four also reached the highest military rank. Senior Lieutenant General Tran Van Tra was a skilled politician and one of the best generals ever to serve. Unfortunately, these skills were not matched by diplomacy. When the native southerner extolled in print his Viet Cong's contribution to the 1975 victory at Saigon, he was drummed out of the army, the party and power. Almost overnight, his "History of the Bulwark B2 Theatre" became one of the nation's most eagerly-sought banned books. Ironically, because of swift censor patrols, it exists underground in Vietnam mostly in its English-language translation.

The fault of the book in the eyes of Hanoi's human mufflers was neither its colourful passages (other books had more such detail) nor the overall turgidness for which would-be Western readers have relegated to the bottom of the Worst Selling List. But Lt-Gen Tra insisted on pointing out numerous episodes of wrongful Hanoi planning set straight only by last-minute intervention from horrified southerners, including himself, who rushed or cabled to Hanoi to show party leaders their mistakes. Although no one has succeeded in pointing out errors in the volume, the book was banned by northerners dismayed by what they called the "southern chauvinism" of the general. After a period in political purgatory, when he often was seen playing tennis and never spotted at political councils, Lt-Gen Tra emerged as leader of the Ho Chi Minh City chapter of the The Club, a group with increasing membership in all major Vietnamese cities. About a year ago, he also started to become available for interviews with Western correspondents, with whom he was equally at home in his passable French or with an interpreter close by.

Many visitors to Vietnam have wondered how Lt-Gen Tra and other such men and women—sometimes wrongly referred to as dissidents—have managed to survive. "We punish people only by removing their power," said a senior Vietnamese official several years ago. "We do not wish to, and in fact we really cannot, remove the benefits to which they were entitled as a result of their former service." Thus, Lt-Gen Tra and his associates in The Club had their free memberships at the tennis club, homes with servants and military batmen, cars with driver, and access to special food and luxury goods if they so desired. "If we took all the benefits away, it would be cruel," said the Vietnamese official who now serves at the very top of the communist leadership. "They worked all their lives for those privileges. "On top of that," he added, "they might turn against us, and they are very brilliant men and women capable of doing us great harm if they are injured."

By recognising The Club as an official group, Hanoi seems to be trying to keep its opposition loyal.

Committee Named for Funeral Service of Admiral

BK2903094590 Hanoi Domestic Service in Vietnamese 1400 GMT 28 Mar 90

[List of names on committee for funeral service of Admiral Giap Van Cuong, commander in chief of the Vietnamese Navy]

[Text] Chairman of the committee: General Doan Khue, member of the Communist Party of Vietnam [CPV] Central Committee Political Bureau, member of the standing committee of the Military Commission of the CPV Central Committee, deputy minister of National Defense, and chief of Vietnam People's Army [VPA] General Staff.

Committee members: Senior Lieutenant General Dang Vu Hiep, deputy head of the VPA General Political Department; Lieutenant General Nguyen The Man, deputy chief of the VPA General Staff; Vice Admiral Hoang Huu Thai, acting commander in chief of the Vietnamese Navy; Rear Admiral Le Van Xuan, deputy commander of the Navy in charge of political affairs; Major General Dang Huyen Phuong, deputy head of the Army Rear Service General Department; Major General Luong Huu Phat, deputy head of the VPA General Technical Department; and Major General Tran Trong Toan, deputy head of the VPA Economic and National Defense Industry General Department.

Scientific Conference Center Opens in Hanoi

BK2703152390 Hanoi VNA in English 1452 GMT 27 Mar 90

[Text] Hanoi VNA March 27—A centre for Vietnamese scientists and technologists to hold conferences and workshops has been established at No. 53, Nguyen Du Street, Hanoi, with Associate Doctor Phan Tu Phung as director.

The centre, sponsored by the Vietnam Union of Scientific-Technological Associations, takes charge of organizing symposiums and conferences among scientists, economic managers and social activists, and direct dialogues between its members and Communist Party and state leaders.

The centre's activities since its founding some months ago include a number of symposiums on the country's socio-economic strategy, on the problems of the state-run economic sector and their possible solutions, and on scientific development in the face of the problems of socialism, and the meetings between Vietnamese scientists and Chairman of the Council of Ministers Do Muoi and Vice-Chairman Vo Nguyen Giap.

Those activities have practically contributed to perfecting the party and state's policies and development programmes.

Finance Ministry Sets Up New Treasury System

BK2803064590 Hanoi Domestic Service in Vietnamese 1100 GMT 24 Mar 90

[Text] This morning, 24 March, the Finance Ministry held a news conference to introduce the setting up of the state treasury system on a new model. The new treasuries will operate from the central to the district level and will have the same functions and duties as a special bank. Aside from managing the state reserve financial funds to be turned over by the banks, the state treasuries will also manage the state centralized foreign currency fund, the budget fund, and the various state reserve financial funds nationwide. This will enable the treasuries to quickly concentrate revenue, promptly regulate capital and funds from wherever there is a surplus to wherever there is a shortage, and ensure timely payments of expenditures drawn from the state budget. At the same time, the treasuries will control all expenditures strictly in accordance with state regulations and procedures, thereby contributing to consolidating and enhancing budgetary and financial discipline.

Council Directive on Non-State Cooperatives

BK2903110190 Hanoi Domestic Service in Vietnamese 0500 GMT 28 Mar 90

[Text] On 19 March, the Council of Ministers chairman issued Directive No. 82-CT granting permission for a committee to prepare for the holding of a congress to set up a central council for non-state cooperatives and production units. Ha Bac was the first province to hold a congress to set up a handicraft and artisan association. After two months of operation, the association has attracted the voluntary participation of over 40 production establishments. The Ha Bac handicraft and artisan association has developed its role and position as a mass organization bearing a socioeconomic character as opposed to the purely administrative character of former cooperatives.

Over the past nearly two years, led by their respective provincial party committees and people's committees, Hai Hung, Bac Thai, and Thanh Hoa Provinces have set a course of action for a union of export-import services and production enterprises, which will have the duty of performing socioeconomic functions and representing the interests of the collective-run economic sector. In prepration for setting up a central national council of industrial cooperatives, party committees, and local administrations in various provinces and cities—such as Ho Chi Minh City, Dong Nai, Hau Giang, Cuu Long, Khanh Hoa, Haiphong, Cao Bang, Vinh Phu and Hanoi—are formulating a plan for a new structure for the non-state economic sector with a network extending from the central down to local levels. This new decision of the Council of Ministers chairman is designed to implement a policy of encouraging non-state industrial cooperatives and units to develop production in accordance with the aspirations of handicraftsmen.

Ministry Reports Movement to New Economic Zones

BK2803154290 Hanoi VNA in English 1509 GMT 28 Mar 90

[Text] Hanoi VNA March 28—In the 1981-88 period, about 900,000 labourers and two million dependents were moved from densely-populated plain localities in 23 provinces throughout Vietnam to new economic zones, says a recent report of the Ministry of Labour, War Invalids and Social Affairs.

The new settlers in new economic zones reclaimed 400,000 hectares [ha] of wasteland, half of them for food crop cultivation, while vacating 98,000 ha of garden and cropland in their old residential places, and supplemented the insufficient labour force of the highlands coffee and rubber plantations and logging and timber camps. They produced about 600,000 tons of food and considerable quantities of consumer commodities annually for export and home consumption and built 2,640 kms of road, 190 bridges and culverts, 45 dams, six hydro-electric power stations with a total capacity of 460 kw [kilowatts], 181 kms of irrigation canal and ditch, 419 schools and 380 dispensaries.

These achievements are, however, far below expectations, which is due primarily to the very poor performance of the public offices in charge of labour redistribution and new economic zone management, the report says. It calls for greater efforts and timely measures and investment in defining the orientations and tasks of the new economic zones and carrying out more incentive policies to have the labour redistribution work better done in 1990 and the years to come.

VFF To Solicit Opinions on Four Draft Laws

BK2903093190 Hanoi Domestic Service in Vietnamese 1100 GMT 28 Mar 90

[Text] The Vietnam Fatherland Front [VFF] Central Committee Secretariat held a press conference in Hanoi this morning to present the VFF Central Committee plan for soliciting suggestions from people of various strata on the four draft laws on agriculture, business revenue, special consumption, and income.

This consultation drive will not only seek general views but also specific suggestions about levels of contributions and methods of tax calculation and collection. Research and management cadres, as well as producers and traders who are taxpayers will be asked to contribute their opinions. The front and its component organizations must delineate their duties in soliciting opinions from people of various strata; stress the harmony between the state's interests and those of the people and between economic objectives and social objectives; and ensure justice and democracy while ensuring an early collection of opinions to help responsible organs perfect these four laws and submit them to the National Assembly for adoption at its coming session in June.

Ban Placed on Export of Rare Forest Products

BK2703071290 Hanoi Domestic Service in Vietnamese 1100 GMT 24 Mar 90

[Text] Recently the Ministries of Forestry and External Economic Relations and the General Customs Department have jointly discussed measures for controlling the export and import of forestry products. They have decided to strictly prohibit the export of precious and rare timber such as rosewood, mahogany, sandalwood, celtis sinensis; logs; special forest products; and precious and rare forest fauna. Licenses for the export of forestry products will be granted only if conditions concerning forest resources, economic efficiency, and availability of market are met. The three sectors pledged to correctly abide by their responsibility and authority in the issuance of licenses and in the management and control of the export of forestry products.

Army Paper Denounces U.S. Threats Against Cuba

BK2803160390 Hanoi Domestic Service in Vietnamese 1430 GMT 27 Mar 90

[QUAN DOI NHAN DAN 27 March Article: "What Does the United States Want in Socialist Cuba?"]

[Text] Over the past several days, the U.S. authorities have time and again uttered threats to directly intervene in socialist Cuba. Cuban news agency PRENSA LATINA reported that on 23 March at a news conference in Washington, President Bush announced that the United States will continue its policy of pressure and a hostile attitude toward Cuba. It is noteworthy that the statement was repeated by the White House boss for the third time in a week. President Bush's statement was elaborated further by his spokesman Fitzwater, saying the United States will carry out a total blockade against Cuba. Statements by President Bush and other high-ranking officials in Washington reminded peoples in Latin American countries and the world of the U.S. actions before its aggression against Grenada and Panama as well as its intervention in the Nicaraguan general elections. This is yet another piece of evidence of the United States' systematically hostile policy toward Cuba during the past more than 30 years. This escalating policy is peaking, that is the ideological war against this country after Washington's installation of radio and television stations transmitting their programs directly into Cuba.

Why does the United States want to launch a total blockade of Cuba at this time? What do the U.S. authorities want from a small neighbor which has no other desire than to live in peace and construction and not be a threat to anyone? It is simply because Cuba is a socialist outpost in the Western Hemisphere. The existence and growth of revolutionary Cuba over the past three decades result, first of all, from the Cuban people's will and untiring efforts in national construction under the leadership of the Communist Party of Cuba, with the great and effective assistance from the Soviet Union and other socialist countries.

Entering 1990, there have been swift changes in socialist countries which are unfavorable to the revolutionary cause in Cuba. Counterrevolutionary elements at home and abroad have emerged and openly carried out their activities. The United States has taken this opportunity to hail democracy in Eastern Europe while criticizing Cuba for violating human rights, imposing a dictatorship, and lacking democracy. The U.S. President has arrogantly called on Cuba to organize free elections and promises aid if this is done. Bush said the United State will be pleased to help in democratic elections for a new government in Cuba. The United States wants a democratic government in this country which is in essence a government under U.S. aegis. It is obvious that U.S. foreign policy toward Cuba for the past several decades stemmed from its intention to impose an economic blockade, exert pressure, and militarily threaten Cuba. Presently the United States is resorting to the tactic of creating an ideological illusion for Cuba.

Public opinion in Cuba, Latin America, and the world are very concerned about this and have resolutely denounced the overbearing attitude of the United States and its interference in Cuba. President Fidel Castro, in an interview with a Cuban television broadcasting station on 24 March, rejected President Bush's offer and asserted that Cuba will never yield to imperialism and that the United States will have to pay a dear price if it resorts to invading Cuba. Strengthening solidarity with the fraternal Cuban people, the Vietnamese people and armed forces seriously demand that the United States stop its hostile acts against Cuba, an independent and sovereign nation.

Article Analyzes 'Successive' World Changes

BK2703052790 Hanoi Domestic Service in Vietnamese 1430 GMT 26 Mar 90

[Article from the March issue of TAP CHI QUAN HE QUOC TE: "The World is Changing, How About Us?" by Vice Foreign Minister Nguyen Dy Nien]

[Text] We are witnessing sudden changes throughout the world which are upsetting international relations. Although last year's events have surprised many people, they are in fact the consequences of a course of extremely profound, broad, and multifarious changes which took place a long time ago, particularly since the mid-seventies. These changes are the inevitable results of an evolutionary process involving many factors of which the most decisive are the new developmental step of the technological revolution and the outstanding growth of the productive force in society. Under the impact of these factors, the world is advancing quickly into a new qualitative stage of development. The successive changes which we are witnessing only clarify further the developmental trend of this new stage.

In international relations, a rearrangement of forces is taking place with a primary interest in economic development. Together with these processes, the relations among nations and countries have also changed. In order to survive and develop and to protect national integrity, many countries have to integrate themselves quickly and vigorously into the tide of restructuring, reorganizing, and reforming. The strength of a country is measured mainly by its economic strength and cultural value. In nearly all regions of the world, cooperation and struggle for peaceful coexistence is taking place. The world is becoming one. Moreover, prosperity of mankind stems from the multifariousness of life. While the most important problems faced by mankind are universal, they are conflicting and interdependent.

Both strong and weak countries are rallying together on new fronts to counter drastic economic and trade problems and market competition. In Europe, there will be a unified inland market in 1992. In North America, a new U.S-Canada economic bloc has been formed. In South America, many countries are seeking new economic alliances. The EEC is also in the process of renovation. Countries from the Asia-Pacific region, an area of interest to large countries and world economic centers, are competing and will continue to compete with one another in the fiercest manner for interests that are intertwining, interdependent, and mutually suppressive. War is no longer an effective way to settle conflicts in international relations. Of course, at times countries still resort to military force to achieve definite objectives and schemes. However, a country always has to pay for such an action and must carefully calculate to avoid a war that might bankrupt its development plan and make it inferior to other nations.

At each transitional stage of history, all nations have experienced opportunities and challenges. Some nations have answered these challenges to become strong, while others have become weak by going against the trends of history or even momentarily missing an opportunity. At the same time, it should be noted that the nature of each nation can be expressed adequately only at each turning point in history. A country can only develop from its own characteristics and nature within the common trends of the era.

Vo Chi Cong's Special Envoy Arrives in Namibia

BK2703154890 Hanoi VNA in English 1448 GMT 27 Mar 90

[Text] Hanoi VNA March 27—Ambassador Doan Tran Canh, special envoy of Vietnamese State Council President Vo Chi Cong, arrived in Windhoek to attend the ceremony for declaration of independence of the Republic of Namibia.

While there, Ambassador Doan Tran Canh called on President Sam Nujoma and conveyed warm greetings from Vietnamese party and state leaders to the president and other leaders of Namibia.

Ambassador Doan Tran Canh also had separate meetings with Prime Minister Hage Geingob, Minister for Foreign Affairs Theo Ben Guirirab and other ministers in the government of the newly independent country.

At these functions, President Sam Nujoma and other Namibian leaders exalted the solidarity and friendship betwen the Namibian and Vietnamese peoples on the anti-colonialist struggle and reiterated Namibia's determination to maintain and develop these relations.

On this occasion, Ambassador Doan Tran Canh and Foreign Minister Theo Ben Guirirab signed a joint communique on the establishment of the diplomatic relations between the two countries at the ambassadorial level, which came into effect as of March 21, 1990.

While in Namibia, Ambassador Doan Tran Canh extended Vietnamese people's warm greetings to Nelson Mandela, a staunch fighter of the ANC [African National Congress] and the South African people. In reply, Nelson Mandela praised President Ho Chi Minh's life and his revolutionary cause and highlighted the Vietnamese people's arduous and heroic struggle.

Delegations Arrive for Ho Chi Minh Seminar

BK2803161390 Hanoi VNA in English 1530 GMT 28 Mar 90

[Text] Hanoi VNA March 28—Thirty seven delegations from foreign countries and international organizations arrived here today for the international seminar "President Ho Chi Minh: National Hero of Vietnam and Great Culturist" due to open at the Ba Dinh conference hall in Hanoi tomorrow.

They are from the UNESCO, India, Algeria, Albania, Afghanistan, Poland, Bulgaria, Cambodia, Cuba, the GDR, the FRG, Ethiopia, Guinea, Hungary, Indonesia, Laos, Libya, the Soviet Union, Mexico, Mongolia, the United States, Yugoslavia, Japan , Palestine, France, the Philippines, Romania, Sweden, Czechoslovakia, the DPR of Korea, China, Australia, and Italy. Representatives of the Vietnamese residents in France have also arrived here for the event which is planned to last from March 29-30.

Most of the delegates are researchers, social scientists and political activists who have long shown great admiration and respect for the late President Ho Chi Minh.

Foreign Youths Mark Ho Chi Minh Anniversary

OW2803220190 Hanoi International Service in Mandarin 1200 GMT 26 Mar 90

[Text] The Central Committee of the Ho Chi Minh Communist Youth Union, the Komsomol Work Department of the Soviet Embassy in Vietnam, and the Young People's Cultural, Scientific and Technological Club jointly sponsored a youth get-together of friendship and cooperation at the club on the evening of 24 March. Youths from Soviet, Polish, Hungarian, Czechoslovak, and Chinese Embassies in Vietnam attended the get-together. Vietnamese youth from various universities, colleges, graduate schools, and productive organizations met with the foreign friends and exchanged work experience and general and scientific knowledge with them. The get-together was held to mark the 59th founding anniversary of the Ho Chi Minh Communist Youth Union, the 100th anniversary of the birth of Chairman Ho Chi Minh, and the 120th anniversary of the birth of Lenin. It proceeded in an atmosphere of friendship and solidarity.

Nguyen Thi Binh Decorated With Soviet Badge

BK2803161790 Hanoi VNA in English 1533 GMT 28 Mar 90

[Text] Hanoi VNA March 28—Soviet Ambassador D.I. Kachin, empowered by the Soviet Government, conferred here today the USSR Supreme Soviet's souvenir badge on Ms. Nguyen Thi Binh, member of the International Committee for Lenin Peace Prize, at the end of the committee's 10-year term.

The conferment, said D.I. Kachin at the presentation ceremony, was an acknowledgement of Ms. Binh's outstanding contributions to consolidating peace, solidarity and friendship among nations over the past ten years.

Present on this occasion were Nguyen Huu Tho, vice president of the State Council, and other senior Vietnamese officials.

Do Muoi Receives Out-Going GDR Ambassador

BK2803160590 Hanoi VNA in English 1535 GMT 28 Mar 90

[Text] Hanoi VNA March 28—Do Muoi, chairman of the Council of Ministers yesterday received Loeschner Joachim, ambassador of the German Democratic Republic, who paid him a farewell visit at the end of his term in Vietnam.

TAP CHI CONG SAN Mar Issue Reviewed

BK2803145190 Hanoi Domestic Service in Vietnamese 1000 GMT 25 Mar 90

[Summary] To mark Lenin's 120th birthday, TAP CHI CONG SAN begins its March 1990 issue with an article recalling Lenin's contributions to socialism-oriented Marxism, analyzing his arguments on how to build a model of socialism, and pointing out that "Marxism-Lenism is not a dogma," and that there is no "general model for socialism." Next is an article by Nguyen Dinh Huong, deputy head of the party Central Committee Organizational Department, calling for rational assignment and employment of cadres.

Found in the "Socialism—Restrospect and Renewal" section are a number of dissertations at a scientific seminar held jointly by TAP CHI CONG SAN and the Vietnam Fatherland Front Central Committee to discuss the topic "The Problems of Democracy in Our Country—Reality and Suggestions." Most of these dissertations deal with "the essence of the notion of democracy, the difference and similarity between bourgeois democracy and socialist democracy, and issues that should be noted in the process of building and exercising socialist democracy in our country." The "Research and Exchange" section carries an article by Nguyen Thanh Le hailing Leninism as a "guiding torch for Vietnam and other Oriental nations." Also included in this section are an article by Pham Khac Thai, doctoral candidate in economics, dealing with the characteristics of and the relationship between planning and the market and an article by Tuan Linh calling on the party and the state to formulate clear-cut regulations to "protect from prejudice or retaliation those who hold different views."

In the "Opinions and Experience" section are the following:

—an article by Thanh Phi, entitled "President Ho Chi Minh and the Selection of a Goal for Socialist Construction in Vietnam," on how Uncle Ho approached Marxism-Leninism and selected a goal for socialist construction in Vietnam with a totally new way of thinking—the dialectical thinking about the development of the situation and the contemporary revolutionary trend.

—an article by Professor Nguyen Van Chuong, holder of a Ph.D in biology, dealing with the richness of Vietnam's forestry resources and the indispensable relationship between forests and the ecological environment.

—an article by Nguyen Sam, a teacher at the Hanoi Finance and Accounting School, giving insight into the essence of the value-added tax and citing experiences by various countries in the application of this tax.

—an article by Nguyen Van Than, head of the scientific management department of the Ministry of Higher Education and Vocational Middle Schools, urging state organs concerned to create conditions for various colleges to develop their academic and research potential.

In "The World, Problems, and Events" section is an article by Vo Thuy Chuong giving a general assessment of the current complicated and unexpected developments in East European countries; citing "the ideological crisis" of various communist parties; and saying that "the events in the East European countries have posed many important problems in the tasks of reassessing socialism and building a theory for a model of socialism, and in the struggle between capitalism and socialism," and that the situation in Eastern Europe "will continue to develop complicatedly and unpredictably." This is followed by an article by Nguyen Quynh Uyen, cadre of the Institute of Marxism-Leninism, entitled "China and Its Open-Door Economic Policy." The article analyzes positive and negative aspects of China's open-door economic policy which has been in force over the past 10 years. The "Through Foreign Publications" collection provides the transcript of an article from the December 1989 issue of the Soviet Journal SOCIALISM, THEORY AND PRACTICE on whether Stalin and Lenin have been worshipped as personality cults in the Soviet Union.

Australia

Hawke Labor Government Wins Record Fourth Term

BK2903041890 Hong Kong AFP in English 0412 GMT 29 Mar 90

[Text] Sydney, March 29 (AFP)—Australian opposition leader Andrew Peacock resigned Thursday [29 March] after formally conceding that the Hawke Labor government had won a record fourth term in last Saturday's general elections. For five days the Liberal Party leader had refused to admit defeat because of the closeness of the vote.

Prime Minister Bob Hawke had also delayed formally claiming victory although he was certain he had won. As counting of votes continued Thursday, Mr. Peacock acknowledged at a news conference in Melbourne his conservative coalition could no longer win. Mr. Peacock, who took over as opposition leader in May last year, said he would resign as of next Tuesday.

Mr. Hawke, 60, is Australia's longest serving Labor prime minister. He was elected to the first of his four terms in 1983.

"It is now clear that Labor has won the election," Mr. Peacock said. "I congratulate Mr. Hawke on his success and I trust for Australia's sake that Labor will govern well.

"Some of you have wondered why we have delayed making this announcement. I can tell you it has been no pleasure but the fact is it has been extremely close."

Mr. Peacock had held out until the last moment with the possibility that Australia could finish up with a hung Parliament. But political analysts said on the basis of latest counting it appeared that Labor would finish up with 77 seats in the House of Representatives to 70 for the conservatives and one independent.

Mr. Peacock said that Mr. Hawke had correctly waited until he was prepared to concede before claiming victory.

"Additionally I have told the shadow ministry this morning that at the next parliamentary party meeting which I have set down next Tuesday at 11 A.M. I will resign from the leadership of the Liberal Party and therefore as leader of the opposition."

Mr. Peacock said a number of people had asked him to stay on for six to 12 months but he believed the party should have a new leader. Mr. Peacock refused to speculate about possible replacements, although there are strong moves for shadow treasurer John Hewson to succeed him. "I am encouraging Dr. Hewson to stand. I believe he has very strong support," Mr. Peacock said.

Government sources said Mr. Hawke would go to Government House in Canberra later Thursday to ask Governor-General Bill Hayden for a commission to form a new government.

Hawke Formally Claims Victory

BK2903060590 Hong Kong AFP in English 0549 GMT 29 Mar 90

[Text] Canberra, March 29 (AFP)—Labor Prime Minister Bob Hawke on Thursday formally claimed victory in last Saturday's general elections that gave him a record fourth term in office.

Mr. Hawke's announcement came shortly after Conservative opposition leader Andrew Peacock conceded victory following days of uncertainty over the closely fought polls.

Mr. Hawke, 60, said in a statement he had informed Governor-General Bill Hayden it was now certain the Labor Party would have a clear, workable majority in the House of Representatives. He said the governor-general had agreed the caretaker period was now over and that Mr. Hawke was in a position to form a fourth government.

The prime minister said he informed Mr. Hayden that he expected his new ministry would be finalised early next week, in time for it to be sworn in on April 4.

Mr. Hawke said his government would quickly start to implement the new policies, announced during the election campaign, in areas ranging from economic management and reform to social justice and the environment.

"It is the commitment of myself and my colleagues that we will, from the first day of the new government, set about undertaking the hard work needed to secure an Australian future of greater prosperity, social justice, fairness and security," he said.

Mr. Hawke said the new government would be concerned, above all, with the pursuit of the national interest and would be a government for all Australians. It would devote all its energy, creativity and determination to pursuing the Australia it wanted to "take us as a people into the 21st century." Mr. Hawke thanked Mr. Peacock for his election concession, which came before a number of seats had been finalised.

The Labor Party believes it will finish up with 77 seats in the lower house to 70 for the Conservatives and one independent.

Evans on Restrictions on Foreigners in Lithuania

BK2903061690 Melbourne Overseas Service in English 0500 GMT 28 Mar 90

[Text] Australia says the Soviet order against foreigners in the rebel Republic of Lithuania are contrary to a treaty between the Soviet Union and Australia. The foreign affairs minister, Senator Evans, says restrictions on foreigners, including Australian journalists, are not consistent with the spirit of the Human Contacts Agreement.

The treaty signed in Canberra last month provides for unofficial contact between Australian and Soviet citizens, including journalists. Senator Evans says Australia is also concerned about Soviet actions following Lithuania's declaration of independence.

He says Australia attaches the utmost importance to Soviet Government assurances that force will not be used to crush Lithuania's independence bid.

New Zealand

International Trade Pressure Group Announced

BK2603005290 Hong Kong AFP in English 0010 GMT 26 Mar 90

[Text] Wellington, March 26 (AFP)—New Zealand's Foreign Affairs and Trade Minister Mike Moore has announced the formation of a prestigious international pressure group dedicated to the removal of trade barriers. Mr. Moore, who is on his way to central Europe at the head of a trade delegation, made the announcement late Sunday [25 March] to New Zealand journalists travelling with him.

He said the Group of 10 world business and political leaders would work through the General Agreement on Tarriffs and Trade (GATT) to press for international free trade. Prominent members of the group include former West German Economics Minister Count Otto Von Lamsdorff and Privy Councillor Lord Young, who was until last year Britain's secretary of state for trade and industry.

The group includes Mr. Moore, Senator William Brock, who was former U.S. President Ronald Reagan's trade representative, and Enrique Iglesias, Inter-American Bank president and former Uruguay foreign minister. Also a member is former Japanese Ambassador to the United States Yoshio Okawara.

Mr. Moore said the pressure group was formed largely on his own initiative and would meet for the first time in London on April 16.

New Zealand is a strong advocate of free trade because the removal or reduction of barriers would mean much wider markets for its agricultural products.

Mr. Moore told reporters the world could be heading for a chaotic system of unilateral and bilateral trade arrangements unless the Uruguay Round of GATT talks succeeded. The round is due to end in December.

Papua New Guinea

Communications Minister on Plans To Control Media

BK2803084890 Hong Kong AFP in English 0809 GMT 28 Mar 90

[Text] Port Moresby, March 28 (AFP)—Communications Minister Brown Sinamoi said Wednesday he intended to bring in laws to prevent Papua New Guinea's leaders being persecuted by the media. Mr. Sinamoi said he wanted journalists banned from Parliament if the alleged persecution did not stop and suggested the media write about "good things."

He told Parliament he would reintroduce the media bill, proposed and shelved by the previous government of Paias Wingti, to control the media.

Journalists should be reprimanded by the speaker of the house if they did not report "good things," he said. "After they are reprimanded by the speaker, they must go and do reports to promote Papua New Guinea," he said.

Good things were not reported, he said. Instead the news pages gave prominence to reports on rape and other criminal activities. "Indirectly, the media promotes these activities in the country," he said.

Mr. Sinamoi also claimed the media even determined who got into government. He said that after each election, the press counted numbers and discussed votes of no-confidence before the new members of Parliament had even sat for the first time.

"It's high time we do something about this," said Mr. Sinamoi. "It's about time we bring in a system or law to control them. I'm already fed up."

Mr. Sinamoi called on the support of all 109 members of Parliament for the reintroduction of the bill. He rejected accusations by opposition members that he wanted to hide corruption. "You opposition members say that even before you read the amendments," he said to the opposition benches.

Mr. Sinamoi said two newspaper editors, whom he did not identify, should be called up and told "no, no more. Enough is enough".

"If they do it again ban them from the precincts of the Parliament," he said.